

**VERIFICATION OF STATUS OF DEPENDENTS  
TRAINEE HANDOUT**

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## OBJECTIVES

Using the provided training materials, at the end of this lesson, you will be able to:

- Explain the periodic verification requirements for dependents
- List the evidence required to verify dependents
- Recall the procedures for processing VA Form 21-0538 (or other verification of dependents)
- Describe dependency verification due process procedures
- Identify when and what other VA business lines need to be notified of a change in dependency status
- State what to do when VA Form 21-0538 is returned as undeliverable

## REFERENCES

- [38 CFR § 3.103\(f\) – Notification of decisions](#)
- [38 CFR § 3.500\(v\) – Failure to furnish evidence of continued eligibility](#)
- [38 CFR § 3.652 – Periodic certification of continued eligibility](#)
- [M21-1 I.2.B – Notice of Proposed Adverse Action](#)
- [M21-1 III.ii.1.B – Mail Management](#)
- [M21-1 III.iii.5.K – Verification of Marital Status and Status of Dependents](#)
- [M21-1 III.v.2.B – Decision Notices](#)

# TOPIC 1: VERIFICATION OF STATUS OF DEPENDENTS – BACKGROUND

## Periodic Verification of Status of Dependents

Each month, Hines Information Technology Center (ITC) automatically releases [VA Form 21-0538, \*Mandatory Verification of Dependents\*](#), to approximately 1 percent of Veterans in receipt of additional compensation for a spouse and/or child(ren).

Cases are automatically selected for review eight years after the month an initial award is processed for additional compensation for a dependent.

**Note:** A 60-day diary is automatically established in the corporate record upon release of the form. If the diary is not cancelled within 60 days, an 810-work item (810 WI) *631L – Return of Dependency Verification Form* is created.

## Purpose of VA Form 21-0538

Completion of VA Form 21-0538 allows the Department of Veterans Affairs (VA) to verify the status of the dependents of all Veterans in receipt of additional compensation for a spouse and/or child(ren) approximately once every eight years and reduce the size of overpayments for Veterans who failed to notify VA of the loss of a dependent.

**Important:** Only the status of those dependents named on the enclosure that accompanies VA Form 21-0538 is subject to verification.

## Time Limit for Responding to the Request

The cover letter that accompanies VA Form 21-0538

- instructs beneficiaries to respond within 60 days from the date of the request for completion of the form, and
- informs beneficiaries that failure to respond will result in the reduction or discontinuation of benefits.
- Includes an enclosure that identifies (by name) the spouse and/or child(ren)
  - for whom the Department of Veterans Affairs (VA) is currently paying additional compensation, and
  - whose status is subject to verification.

## Automatic Issuance Sometimes Fails

When the Hines ITC cannot issue VA Form 21-0538 an 820 WI – 882B *Dependency Verification Letter Not Sent* is generated. When the work item appears in a regional office's (RO's) inventory, the RO must

- send the appropriate form to the beneficiary with a cover letter that includes the content described in [M21-1 III.iii.5.K.1.b](#)
- establish a diary under diary code 30, Local Regional Office Special Use, that expires the month after a 60-day period that begins the later of the following dates:
  - the date the work item was issued to the RO, or
  - the date the RO sent the request for completion of the form to the Veteran, and
- **clear** the 820 work item.

## Alternate Means for Verification of Status of Dependents

A Veteran may satisfy the requirement to complete VA Form 21-0538 by contacting a VA Employee by telephone and providing to the employee the same information requested on the form. The employee that takes the Veteran's call must

- record on a [VA Form 27-0820, Report of General Information](#) the information the Veteran provides and
- upload the VA Form 27-0820 into the Veterans electronic claims folder

The VA will recognize a VA Form 27-0820 that a VA employee prepared in lieu of the VA Form 21-0538 as equivalent.

Treat a completed VA Form 21-686c, *Application Request to Add And/or Remove Dependents*, as a completed VA Form 21-0538 if it meets the following criteria:

- VA must have received the form no earlier than one year before the date of the work item.
- Must account for all dependents named on the enclosure that accompanies VA Form 21-0538
- Form must be signed (can be done electronically) by Veteran, or VA-designated fiduciary.

## EPs

Effective September 19, 2020, the intake of VA Form 21-0538 via the Centralized Mail process triggers the automatic establishment of **End Product (EP) 330 – DEPVER**

If the Veteran provides the information by telephone, the employee that takes the Veteran's call must

- establish **EP 692, REVAUTH2-Authorization Only 2**
- record on [VA Form 27-0820, Report of General Information](#), the information the Veteran provides, and
- upload the VA Form 27-0820 into the Veteran's electronic claims folder (eFolder).

## TOPIC 2: PROCESSING VA FORM 21-0538

### September 2020 Version of VA Form 21-0538

The processing instructions in this lesson apply to the September 2020, or later, version of VA Form 21-0538.

For earlier versions, follow the instructions in *Historical\_M21-III\_iii\_5\_SecK\_9-18-20.docx*.

### VA Form 21-0538 Indicates No Change

The following steps are taken when there is no change in dependency status:

- Cancel the diary or **cancel** the 810 WI
- Create a permanent, Veteran-level note in the claims-processing system that indicates VA Form 21-0538 revealed nothing to warrant an adjustment in the Veteran's benefits
- **Clear** the EP 330 or 692 (if they exist) or clear an EP 692.

### VA Form 21-0538 Reveals the Loss of a Dependent

- Cancel the diary or **clear** the 810 WI – *631L Return of Dependency Verification Form*
- Establish an EP 130, *Dependency Verification - 0538*
  - using the date VA received VA Form 21-0538 as the date of claim (DOC), and
  - adding a contention for the applicable dependent(s) and the *Potential Under/Overpayment* special issue to one of the contentions
- **Cancel** the EP 330 or 692 (if applicable).
- Adjust the Veteran's award according to the instructions in [M21-1, Part III, Subpart iii, 5.L.4](#).
- Notify the veteran of the award adjustment

**Important:** If the Veteran did not provide the date of the event, follow the instructions in [M21-1, Part III, Subpart iii, 5.K.3.d](#).

### VA Form 21-0538 Reveals the Loss of a Dependent – Stepchildren

Take the actions described in [M21-1, Part III, Subpart iii, 5.G.6.i](#), *in addition to the actions described above*, when

- a Veteran reports loss of a spouse as a result of death or termination of their marriage, and
- the spouse is the biological or adoptive parent of a stepchild(ren) for whom VA has paid or is paying the Veteran additional benefits.

## **Unsigned or Incomplete VA Form 21-0538**

If the Veteran fails to sign the form or it is otherwise incomplete, follow the steps in [M21-1 III.iii.5.K.2.e](#) (outlined below).

**Exception:** Follow the instructions in [M21-1 III.iii.5.K.3.d](#), if a VA Form 21-0538 is complete **except for** the item(s) on the form titled *Date of Termination* (when the Veteran reports a change in the status of a dependent(s) that will require discontinuation of the payment of additional compensation for that dependent(s)).

If the Veteran fails to sign the form or it is otherwise incomplete, take the following steps:

- Cancel the diary or **clear** the 810 WI – *631L Return of Dependency Verification Form*
- **Cancel** the EP 330 or 692 (if applicable)
- Establish an EP 130, *Dependency Verification - 0538*, with a suspense date that is 30 days from the current date
- Attempt to contact the Veteran by telephone.
  - If the Veteran failed to sign the form, confirm with the Veteran the entries he/she made on the form.
  - If the form is incomplete, obtain the missing information from Veteran.

## **Unsigned or Incomplete VA Form 21-0538 – Telephone Contact Successful (No Change in Dependents)**

If telephone contact was successful,

- Document details of the call on VA Form 27-0820
- Upload VA Form 27-0820 into the Veteran's eFolder

If no change in status of dependents and VA is already paying for dependents, then

- notify the Veteran during the phone conversation that benefits will continue at the current rate
- indicate notification was given on the VA Form 27-0820, and
- **clear** the EP 130.

## **Unsigned or Incomplete VA Form 21-0538 – Telephone Contact Successful (Change in Dependents)**

If the Veteran reports any change in dependents, different from what VA is already paying, then

- Obtain all necessary information (if not already of record) and document on VA Form 27-0820 (and the appropriate form if needed)
- Upload VA Form 27-0820 (and the appropriate form) to VBMS
- Add and/or remove dependents using the EP 130, and
- Generate award and decision notice

### **Unsigned or Incomplete VA Form 21-0538 – Telephone Contact Unsuccessful**

If the attempt to contact the Veteran is unsuccessful,

- Document attempt in VBMS notes
- If form is signed, remove dependents where enough information is provided and continue the EP 130 at authorization
- Return the form to the Veteran for completion
- Provide the Veteran with 30 days to respond
- Process the returned form as appropriate or, if form is not returned, commence due process procedures

### **Failure to Return VA Form 21-0538**

If the Veteran does not return VA Form 21-0538 or have a qualifying VA Form 21-686c of record,

- **Clear** the 810 WI – *631L Return of Dependency Verification Form*
- Establish EP 130, *Dependency Verification - 0538* (if not already established), with a date of claim that matches the 810 WI
- Add the *Potential Under/Overpayment* special issue

### **Failure to Return VA Form 21-0538 – Telephone Development**

- Attempt to contact Veteran by phone and obtain the same information that VA Form 21-0538 requires
- If contact is successful, follow the same directions for an *Unsigned or Incomplete Form*

**Important:** If the Veteran is unable to provide (by telephone) all the information VA Form 21-0538 requires, allow the Veteran until the end of the next business day to provide the missing information (by telephone).

### **Failure to Return VA Form 21-0538 – Telephone Development Unsuccessful**

If telephone contact is unsuccessful

- document attempt in VBMS Notes
- **clear** the EP 130
- commence due process procedures

## TOPIC 3: DEPENDENCY VERIFICATION DUE PROCESS

### Dependency Verification Due Process

Establish an EP 600, *Predetermination Notice*, and add the *Potential Under/Overpayment* special issue.

Prepare and send to the Veteran a notice of proposed adverse action that

- informs the Veteran VA plans to reduce his/her benefits effective the first of the month following the date the Veteran last verified the status of the dependent(s) in question because he/she failed to return a completed VA Form 21-0538, and
- advises the Veteran the proposed reduction could result in the creation of an overpayment that VA may require the Veteran to repay.

### Dependency Verification Due Process – Stepchildren

If a Veteran failed to verify the status of his/her spouse, propose to remove from the Veteran's award the spouse and any stepchildren of whom the spouse is the biological or adoptive parent. Take this action even if the stepchildren were not on the Veteran's award as of the date VA sent VA Form 21-0538 to the Veteran for completion.

### Veteran Responds Before Processing of EP 600 – No Change

If the Veteran provides the requested evidence and indicates no change in dependents, then

- **Cancel** the EP 330 or 692, if pending
- Notify the Veteran that benefits will continue at the current rate, and
- **Clear** the EP 600

### Veteran Responds Before Processing of EP 600 – Loss of Dependent(s)

If the Veteran provides the requested evidence and indicates the loss of a dependent(s), then

- **Cancel** the EP 330 or 692, if pending
- follow the instructions in [M21-1 III.iii.5.K.3.b.](#)
- **Clear** the EP 600

### Veteran Does Not Respond Before Processing of EP 600

- Using the EP 600, remove from the Veteran's award the dependent(s) whose status the Veteran failed to verify effective the date in the LAST PAID DATE field on the AWARD INFORMATION tab in Share
- Generate award and decision notice

## Veteran Does Not Respond Before Processing of EP 600 – Decision Notice

In the decision notice, inform the Veteran that

- VA has removed from his/her award the dependent(s) whose status the Veteran failed to verify, effective the date in the LAST PAID DATE field on the AWARD INFORMATION tab in Share, and
- VA will remove from his/her award the same dependent(s) from an earlier effective date (the first of the month following the date the Veteran last verified the status of his/her dependent(s), as proposed in the first notice of proposed adverse action) if the Veteran does not provide verification within 90 days.

## Veteran Does Not Respond Before Processing of EP 600 – VBMS-A

On the Dependency screen, edit the dependent in question; changing the Award Status to “Removal of Dependent” and the Decision to “Failed to Confirm Dependency”.

Person	Relation Subtype	Event Date	Award Status	Decision	Award Eff. Dt.	Relation	SSN
JOE VETERAN	Biological Child	04/01/2019	Removal of Dependent	Failed to Confirm Dependency	05/01/2019	Child	

## Veteran Does Not Respond Before Processing of EP 600 – RADL

The paragraph that will be displayed in the RADL letter will be as follows:

“We removed <Insert Dependent’s Name> from your award effective <Insert Event Date> because you did not confirm continued dependency (38 CFR 3.500; 38 CFR 3.652).”

If the regulations do not populate in the RADL letter, you must manually add them as free text.

“The regulations used to make our decision for <Insert Dependent’s name> are 38 CFR 3.500 and 38 CFR 3.652”

**Note:** There are no favorable findings as we are removing a dependent, not denying a dependent. Only when entitlement to benefits for dependency is denied do we include favorable findings.

## Veteran Does Not Respond Before Processing of EP 600 – Diary and Work Item

Establish a diary under code 30, *Local Regional Office Special Use*, that expires the month after a 90-day period that begins on the date of notification.

Expiration of the diary triggers the generation of an 810 WI – *631 Diary Due Date/Reason/Legend*.

### **Veteran Responds Before Processing of Work Item**

- Cancel the diary or **clear** the 810 WI – *631 Diary Due Date/Reason/Legend*.
- **Cancel** the EP 330 or 692
- Establish an EP 130 (with the appropriate claim label), using the date VA received verification as the date of claim
- Add dependents from the date they were previously removed or remove them from the correct date, and develop for new dependents if needed, using the EP 130 (which will be continued at authorization if development for new dependents can't be completed by telephone), and
- Generate award and decision notice

### **Veteran Does Not Respond Before Processing of Work Item**

- **Clear** the 810 WI – *631 Diary Due Date/Reason/Legend*.
- Establish EP 130, *Dependency Verification - 0538*, using the date of the 810 WI as the date of claim, and add the *Potential Under/Overpayment* special issue
- Remove the dependent(s) whose status the Veteran failed to verify effective the date proposed in the due process letter (the first of the month following the date the Veteran last verified the status of the dependent(s) in question), and
- Generate award and decision notice

### **Surprise Twist – Veteran Verifies Dependents Later**

VA will accept a completed VA Form 21-0538 (or VA Form 21-686c that meets the criteria set forth in [M21-1 III.iii.5.K.4.b.Step 1](#)) from a Veteran whose benefits it reduced because the Veteran failed to return a completed VA Form 21-0538, **regardless of the amount of time that has passed** since the award adjustment. When this occurs,

- **Cancel** the EP 330 or EP 692 (if applicable)
- Establish an EP 130 (with the appropriate claim label)
- Process based on the information provided
- Generate award and decision notice

**Note:** There is **no** requirement that *VA Form 20-0995: Decision Review Request – Supplemental Claim* accompany the completed VA Form 21-0538 or VA Form 21-686c.

## **TOPIC 4: NOTIFYING OTHER BUSINESS LINES OF A CHANGE IN STATUS**

### **Notifying Other Business Lines of a Change in Status – Education Benefits**

If VA Form 21-0538 shows the marriage between a Veteran and his/her spouse has ended, or the Veteran's spouse has died, and the PAYMENT HISTORY screen in Share shows the spouse is receiving education benefits from VA, then follow the instructions in [M21-1, Part III, Subpart iii, 6.C.3.b](#) for notifying the regional processing office of jurisdiction.

Include in the notice:

- the name of the spouse
- the corresponding claim number
- an explanation of the reason for the change in status (such as divorce or death)
- the date of the event that resulted in the change in status, and
- the effective date of the corresponding award adjustment (if an award adjustment was made).

Upload a copy of the e-mail into the appropriate eFolder.

### **Notifying Other Business Lines of a Change in Status – Chapter 31 Benefits**

If VA Form 21-0538 shows the status of any of a Veteran's dependents has changed and the PAYMENT HISTORY screen in Share shows the Veteran is receiving training under [38 U.S.C. Chapter 31](#), then e-mail notice to the Vocational Rehabilitation and Employment (VR&E) mailbox of the RO that has custody of the Veteran's Counseling/Evaluation/Rehabilitation folder.

Include in the e-mail:

- the Veteran's name and claim number
- the name of the dependent whose status has changed
- an explanation of the reason for the change in status (such as death or divorce)
- the date of the event that resulted in the change in status, and
- the effective date of the corresponding award adjustment.

Upload a copy of the e-mail into the Veteran's eFolder.

## TOPIC 5: VA FORM 21-0538 RETURNED AS UNDELIVERABLE

### VA Form 21-0538 Returned as Undeliverable – Correct Address is Known

If the address on the VA Form 21-0538 is incorrect, and the correct address is *known*:

- **Cancel** the EP 330 (if applicable)
- Re-send the form to the correct address
- Establish a diary under diary code 30, *Local Regional Office Special Use*, that expires the month after a 60-day period that begins on the current date (to control for return of the form)
- Correct the address in the corporate record, and
- Treat the re-sent form as an initial mailing.

### VA Form 21-0538 Returned as Undeliverable – Correct Address is Unknown

Follow the steps below if the correct address of the intended recipient of the VA Form 21-0538 is *unknown*:

- **Cancel** the EP 330 (if applicable)
- Attempt to obtain a current address by following current policy
- Attempt to obtain a current address by following the instructions in [M21-1, Part III, Subpart ii, 1.B.6.d.](#)

Was a new address obtained?

- Yes – follow the instructions in [M21-1, Part III, Subpart iii, 5.K.5.a](#), starting with Step 2
- No – **clear** EP 130 and follow the instructions in [M21-1, Part III, Subpart iii, 5.K.4.b](#), beginning with Step 10.

## REVIEW EXERCISE

1. What is the purpose of the VA Form 21-0538?
2. What is the initial time limit for a Veteran to respond to the VA Form 21-0538, when received from Hines ITC?
3. How can a Veteran satisfy the requirement to verify dependents?
4. Veteran returns the VA Form 21-0538 within the initial request period. Dependency is verified and no action is required. Provide in detail the remaining steps to complete the processing of the VA Form 21-0538.
5. Veteran fails to return VA Form 21-0538 that was mailed on May 28, 2020. Telephone development was attempted but unsuccessful. A review of eFolder shows we are currently paying for a spouse and had been paying for a minor child that was removed from the Veteran's award on February 18, 2020, the child's 18<sup>th</sup> birthday. In your proposal to reduce letter, which dependent(s) will you address?