

109TH CONGRESS  
1ST SESSION

# H. R. 1220

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IN THE SENATE OF THE UNITED STATES

JULY 14, 2005

Received; read twice and referred to the Committee on Veterans' Affairs

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## AN ACT

To increase, effective as of December 1, 2005, the rates of disability compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of certain service-connected disabled veterans, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as “Veterans’ Compensation  
5       Cost-of-Living Adjustment Act of 2005”.

6       **SEC. 2. INCREASE IN RATES OF DISABILITY COMPENSA-**  
7                       **TION AND DEPENDENCY AND INDEMNITY**  
8                       **COMPENSATION.**

9       (a) RATE ADJUSTMENT.—The Secretary of Veterans  
10       Affairs shall, effective on December 1, 2005, increase the  
11       dollar amounts in effect for the payment of disability com-  
12       pensation and dependency and indemnity compensation by  
13       the Secretary, as specified in subsection (b).

14       (b) AMOUNTS TO BE INCREASED.—The dollar  
15       amounts to be increased pursuant to subsection (a) are  
16       the following:

17               (1) COMPENSATION.—Each of the dollar  
18       amounts in effect under section 1114 of title 38,  
19       United States Code.

20               (2) ADDITIONAL COMPENSATION FOR DEPEND-  
21       ENTS.—Each of the dollar amounts in effect under  
22       section 1115(1) of such title.

23               (3) CLOTHING ALLOWANCE.—The dollar  
24       amount in effect under section 1162 of such title.

1           (4) NEW DIC RATES.—The dollar amounts in  
2       effect under paragraphs (1) and (2) of section  
3       1311(a) of such title.

4           (5) OLD DIC RATES.—Each of the dollar  
5       amounts in effect under section 1311(a)(3) of such  
6       title.

7           (6) ADDITIONAL DIC FOR SURVIVING SPOUSES  
8       WITH MINOR CHILDREN.—The dollar amounts in ef-  
9       fect under section 1311(b) of such title and para-  
10      graph (1) of section 1311(f) of such title (as redesign-  
11      nated by subsection (e) of this section).

12          (7) ADDITIONAL DIC FOR DISABILITY.—The  
13      dollar amounts in effect under sections 1311(c) and  
14      1311(d) of such title.

15          (8) DIC FOR DEPENDENT CHILDREN.—The  
16      dollar amounts in effect under sections 1313(a) and  
17      1314 of such title.

18      (c) DETERMINATION OF INCREASE.—

19          (1) BASE FOR INCREASE.—The increase under  
20      subsection (a) shall be made in the dollar amounts  
21      specified in subsection (b) as in effect on November  
22      30, 2005.

23          (2) PERCENTAGE OF INCREASE.—Except as  
24      provided in paragraph (3), each such amount shall  
25      be increased by the same percentage as the percent-

1       age by which benefit amounts payable under title II  
 2       of the Social Security Act (42 U.S.C. 401 et seq.)  
 3       are increased effective December 1, 2005, as a result  
 4       of a determination under section 215(i) of such Act  
 5       (42 U.S.C. 415(i)).

6           (3) ROUNDING.—Each dollar amount increased  
 7       pursuant to paragraph (2) shall, if not a whole dol-  
 8       lar amount, be rounded down to the next lower  
 9       whole dollar amount.

10       (d) SPECIAL RULE.—The Secretary may adjust ad-  
 11       ministratively, consistent with the increases made under  
 12       subsection (a), the rates of disability compensation pay-  
 13       able to persons within the purview of section 10 of Public  
 14       Law 85–857 (72 Stat. 1263) who are not in receipt of  
 15       compensation payable pursuant to chapter 11 of title 38,  
 16       United States Code.

17       (e) DESIGNATION CORRECTION.—Section 1311 of  
 18       title 38, United States Code, is amended by redesignating  
 19       the second subsection (e) (added by section 301(a) of the  
 20       Veterans Benefits Improvement Act of 2004 (Public Law  
 21       108–454; 118 Stat. 3610)) as subsection (f).

22       **SEC. 3. PUBLICATION OF ADJUSTED RATES.**

23       At the same time as the matters specified in section  
 24       215(i)(2)(D) of the Social Security Act (42 U.S.C.  
 25       415(i)(2)(D)) are required to be published by reason of

1 a determination made under section 215(i) of such Act  
2 during fiscal year 2006, the Secretary of Veterans Affairs  
3 shall publish in the Federal Register the amounts specified  
4 in subsection (b) of section 2, as increased pursuant to  
5 that section.

6 **SEC. 4. CODIFICATION OF FISCAL YEAR 2005 COST-OF-LIV-**  
7 **ING ADJUSTMENT PROVIDED IN PUBLIC LAW**  
8 **108-363.**

9 (a) VETERANS' DISABILITY COMPENSATION.—Sec-  
10 tion 1114 of title 38, United States Code, is amended—

11 (1) in subsection (a), by striking “\$106” and  
12 inserting “\$108”;

13 (2) in subsection (b), by striking “\$205” and  
14 inserting “\$210”;

15 (3) in subsection (c), by striking “\$316” and  
16 inserting “\$324”;

17 (4) in subsection (d), by striking “\$454” and  
18 inserting “\$466”;

19 (5) in subsection (e), by striking “\$646” and  
20 inserting “\$663”;

21 (6) in subsection (f), by striking “\$817” and  
22 inserting “\$839”;

23 (7) in subsection (g), by striking “\$1,029” and  
24 inserting “\$1,056”;

1           (8) in subsection (h), by striking “\$1,195” and  
2     inserting “\$1,227”;

3           (9) in subsection (i), by striking “\$1,344” and  
4     inserting “\$1,380”;

5           (10) in subsection (j), by striking “\$2,239” and  
6     inserting “\$2,299”;

7           (11) in subsection (k)—

8                 (A) by striking “\$82” both places it ap-  
9     pears and inserting “\$84”; and

10                (B) by striking “\$2,785” and “\$3,907”  
11     and inserting “\$2,860” and “\$4,012”, respec-  
12     tively;

13           (12) in subsection (l), by striking “\$2,785” and  
14     inserting “\$2,860”;

15           (13) in subsection (m), by striking “\$3,073”  
16     and inserting “\$3,155”;

17           (14) in subsection (n), by striking “\$3,496”  
18     and inserting “\$3,590”;

19           (15) in subsections (o) and (p), by striking  
20     “\$3,907” each place it appears and inserting  
21     “\$4,012”;

22           (16) in subsection (r), by striking “\$1,677” and  
23     “\$2,497” and inserting “\$1,722” and “\$2,564”, re-  
24     spectively; and

1           (17) in subsection (s), by striking “\$2,506” and  
2           inserting “\$2,573”.

3           (b) ADDITIONAL COMPENSATION FOR DEPEND-  
4           ENTS.—Section 1115(1) of such title is amended—

5           (1) in subparagraph (A), by striking “\$127”  
6           and inserting “\$130”;

7           (2) in subparagraph (B), by striking “\$219”  
8           and “\$65” and inserting “\$224” and “\$66”, respec-  
9           tively;

10          (3) in subparagraph (C), by striking “\$86” and  
11          “\$65” and inserting “\$88” and “\$66”, respectively;

12          (4) in subparagraph (D), by striking “\$103”  
13          and inserting “\$105”;

14          (5) in subparagraph (E), by striking  
15          “\$241” and inserting “\$247”; and

16          (6) in subparagraph (F), by striking “\$202”  
17          and inserting “\$207”.

18          (c) CLOTHING ALLOWANCE FOR CERTAIN DISABLED  
19          VETERANS.—Section 1162 of such title is amended by  
20          striking “\$600” and inserting “\$616”.

21          (d) DEPENDENCY AND INDEMNITY COMPENSATION  
22          FOR SURVIVING SPOUSES.—

23               (1) NEW LAW DIC.—Section 1311(a) of such  
24               title is amended—

- 1 (A) in paragraph (1), by striking “\$967”  
 2 and inserting “\$993”; and  
 3 (B) in paragraph (2), by striking “\$208”  
 4 and inserting “\$213”.  
 5 (2) OLD LAW DIC.—The table in paragraph (3)  
 6 of such section is amended to read as follows:

“Pay grade	Monthly rate	Pay grade	Monthly rate
E-1 .....	\$993	W-4 .....	\$1,188
E-2 .....	\$993	O-1 .....	\$1,049
E-3 .....	\$993	O-2 .....	\$1,084
E-4 .....	\$993	O-3 .....	\$1,160
E-5 .....	\$993	O-4 .....	\$1,227
E-6 .....	\$993	O-5 .....	\$1,351
E-7 .....	\$1,027	O-6 .....	\$1,523
E-8 .....	\$1,084	O-7 .....	\$1,645
E-9 .....	\$1,131 <sup>1</sup>	O-8 .....	\$1,805
W-1 .....	\$1,049	O-9 .....	\$1,931
W-2 .....	\$1,091	O-10 .....	\$2,118 <sup>2</sup>
W-3 .....	\$1,123	.....	.....

<sup>1</sup> If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 1302 of this title, the surviving spouse’s rate shall be \$1,221.

<sup>2</sup> If the veteran served as Chairman or Vice-Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, at the applicable time designated by section 1302 of this title, the surviving spouse’s rate shall be \$2,272.”.

- 7 (3) ADDITIONAL DIC FOR CHILDREN OR DIS-  
 8 ABILITY.—Section 1311 of such title is amended—  
 9 (A) in subsection (b), by striking “\$241”  
 10 and inserting “\$247”;  
 11 (B) in subsection (c), by striking “\$241”  
 12 and inserting “\$247”; and  
 13 (C) in subsection (d), by striking “\$115”  
 14 and inserting “\$118”.  
 15 (e) DEPENDENCY AND INDEMNITY COMPENSATION  
 16 FOR CHILDREN.—



1 (1) DIC WHEN NO SURVIVING SPOUSE.—Section  
2 1313(a) of such title is amended—

3 (A) in paragraph (1), by striking “\$410”  
4 and inserting “\$421”;

5 (B) in paragraph (2), by striking “\$590”  
6 and inserting “\$605”;

7 (C) in paragraph (3), by striking “\$767”  
8 and inserting “\$787”; and

9 (D) in paragraph (4), by striking “\$767”  
10 and “\$148” and inserting “\$787” and “\$151”,  
11 respectively.

12 (2) SUPPLEMENTAL DIC FOR CERTAIN CHIL-  
13 DREN.—Section 1314 of such title is amended—

14 (A) in subsection (a), by striking “\$241”  
15 and inserting “\$247”;

16 (B) in subsection (b), by striking “\$410”  
17 and inserting “\$421”; and

18 (C) in subsection (c), by striking “\$205”  
19 and inserting “\$210”.

20 **SEC. 5. DEMONSTRATION PROJECT TO IMPROVE BUSINESS**  
21 **PRACTICES OF VETERANS HEALTH ADMINIS-**  
22 **TRATION.**

23 (a) DEMONSTRATION PROJECT REQUIRED.—

24 (1) IN GENERAL.—The Secretary of Veterans  
25 Affairs shall conduct a demonstration project under

1       this section for the improvement of business prac-  
2       tices of the Veterans Health Administration.

3           (2) PERFORMANCE-BASED CONTRACT.— To  
4       carry out the demonstration project, the Secretary  
5       shall enter into a performance-based contract for a  
6       contractor to carry out the functions specified in  
7       subsection (e).

8           (3) COST LIMITATION.—The total amount paid  
9       to the contractor under the contract may not exceed  
10      \$10,000,000.

11       (b) COMMENCEMENT AND DURATION OF PROJECT.—  
12      The demonstration project shall be conducted during the  
13      two-year period beginning on the first day of the first  
14      month beginning more than 120 days after the date of  
15      the enactment of this Act.

16       (c) SITES FOR CONDUCT OF PROJECT.—The Sec-  
17      retary shall conduct the demonstration project at two fa-  
18      cilities, at least one of which shall be a medical center,  
19      of the Veterans Health Administration within the same  
20      service area (referred to as a Veterans Integrated Service  
21      Network) of the Veterans Health Administration. The two  
22      facilities at which the project is conducted shall be selected  
23      by the Secretary from among facilities that the Secretary  
24      determines have relatively low performance for recovery or

1 collection of indebtedness from third-party payors under  
2 section 1729 of title 38, United States Code.

3 (d) SELECTION OF CONTRACTOR.—The Secretary  
4 shall carry out the process for selection of the contractor  
5 for the demonstration project so that the contractor to  
6 perform the contract is selected, and the contract is  
7 awarded, not later than three months after the date of  
8 the enactment of this Act. The contractor shall be an enti-  
9 ty or organization that has significant experience in the  
10 administrative processing of health care charges and  
11 claims.

12 (e) FUNCTIONS OF CONTRACTOR.—The Secretary  
13 shall provide in the contract for the following functions  
14 of the contractor with respect to each facility at which the  
15 demonstration project is conducted:

16 (1) Detailed specification of existing business  
17 processes that the contractor determines are relevant  
18 to the capability of the facility to recover or collect  
19 indebtedness from third-party payors under section  
20 1729 of title 38, United States Code.

21 (2) Reengineering of the business processes  
22 identified under paragraph (1), including provision  
23 for standardized application of such reengineered  
24 processes throughout the facility.

1           (3) Establish and implement a plan to transi-  
2           tion from the business processes identified under  
3           paragraph (1) to the reengineered and standardized  
4           businesses established pursuant to paragraph (2).

5           (4) Establishment of a comprehensive database  
6           containing third-party payor information for vet-  
7           erans receiving health care and services at the facil-  
8           ity.

9           (f) VHA PROJECT MANAGER.—As part of the dem-  
10          onstration project, the Secretary shall ensure that a Vet-  
11          erans Health Administration employee is designated to be  
12          the full-time project manager for the project and that such  
13          employee's duty station is at one of the facilities at which  
14          the project is conducted, with provision for visits as needed  
15          to the other facility at which the project is conducted.

16          (g) EMPLOYEE PROTECTION.—The Secretary shall  
17          administer the demonstration project so that during the  
18          period of the conduct of the demonstration project there  
19          is no reduction in active full-time equivalent employees of  
20          the Department of Veterans Affairs at the facilities at  
21          which the project is conducted that is attributable to the  
22          conduct of the demonstration project.

23          (h) REPORTS TO CONGRESS.—

24                 (1) PERIODIC PROGRESS REPORTS ON PROJECT  
25          IMPLEMENTATION.—

1 (A) REPORTS REQUIRED.—The Secretary  
2 shall submit to Congress progress reports on  
3 the implementation of the demonstration  
4 project.

5 (B) TIME FOR PROGRESS REPORTS.—  
6 Such reports shall be submitted as expeditiously  
7 as feasible after the end of—

8 (i) the 60-day period and the 90-day  
9 period beginning on the date of the enact-  
10 ment of this Act; and

11 (ii) the 60-day period, the 90-day pe-  
12 riod, and the 180-day period beginning on  
13 the date of the award of the contract  
14 under subsection (d).

15 (C) MATTER TO BE INCLUDED.—Each re-  
16 port under this paragraph shall set out the  
17 progress to date of the demonstration project,  
18 including—

19 (i) before the contractor has been se-  
20 lected, progress toward selection of the  
21 contractor (identified by the steps in the  
22 acquisition process that have been accom-  
23 plished and that remain to be accom-  
24 plished); and

1 (ii) after the contractor has been se-  
2 lected—

3 (I) the contractor's progress in  
4 initiating and carrying out the dem-  
5 onstration project in accordance with  
6 the requirements of this section; and

7 (II) a copy of each contract  
8 under the demonstration project and  
9 any change order or modification to  
10 any such contract.

11 (2) INTERIM REPORTS ON PROJECT OPER-  
12 ATION.—After the completion of the first 12 months,  
13 and after the completion of the first 18 months, of  
14 the demonstration project, the Secretary shall sub-  
15 mit to Congress an interim report on the operation  
16 of the demonstration project to that date. Each such  
17 report shall include the following:

18 (A) The assessment of the Secretary as to  
19 whether the rate of recovery or collection of in-  
20 debtedness owed the United States from third-  
21 party payors has improved by reason of the  
22 project.

23 (B) The assessment of the Secretary as to  
24 the performance of the contractor.

25 (3) FINAL REPORT.—

1 (A) REQUIREMENT.—After the conclusion  
2 of the demonstration project, the Secretary  
3 shall submit to Congress a final report on the  
4 project.

5 (B) CONTENT.—The Secretary shall in-  
6 clude in that report—

7 (i) the matters specified in paragraph  
8 (2);

9 (ii) the Secretary's estimate of cost  
10 savings to the Department attributable to  
11 the reengineered business processes imple-  
12 mented under the demonstration project,  
13 with supporting evidence and documenta-  
14 tion for such estimate; and

15 (iii) the Secretary's recommendation  
16 for implementing on a permanent basis the  
17 recovery or collection system demonstrated  
18 in the project and expanding the project to  
19 other facilities of the Veterans Health Ad-  
20 ministration.

21 (C) SUBMISSION.—The final report shall  
22 be submitted not later than 90 days after the  
23 conclusion of the demonstration project.

24 (i) COMPTROLLER GENERAL REVIEW AND RE-  
25 PORTS.—

1           (1) REVIEW.—The Comptroller General shall  
2       review the demonstration project on an ongoing  
3       basis.

4           (2) REPORTS.—The Comptroller General shall  
5       submit to Congress a report on the Comptroller  
6       General’s findings and recommendations concerning  
7       the demonstration project—

8                 (A) after the operation of the demonstra-  
9                 tion project for a period of one year; and

10                (B) after the operation of the demonstra-  
11                tion project for a period of two years.

12       (j) AUTHORIZATION OF APPROPRIATIONS.—There is  
13       authorized to be appropriated to the Secretary of Veterans  
14       Affairs for the conduct of the demonstration project under  
15       this section the sum of \$10,000,000.

16       **SEC. 6. PARKINSON’S DISEASE RESEARCH, EDUCATION,**  
17               **AND CLINICAL CENTERS.**

18       (a) REQUIREMENT FOR ESTABLISHMENT OF CEN-  
19       TERS.—

20               (1) IN GENERAL.—Subchapter II of chapter 73  
21       of title 38, United States Code, is amended by add-  
22       ing at the end the following new section:



1   **“§ 7329. Parkinson’s Disease research, education, and**  
2                   **clinical centers**

3           “(a) The Secretary, upon the recommendation of the  
4 Under Secretary for Health and pursuant to the provi-  
5 sions of this section, shall designate six Department  
6 health-care facilities as the locations for centers of Parkin-  
7 son’s Disease research, education, and clinical activities  
8 and (subject to the appropriation of sufficient funds for  
9 such purpose) shall establish and operate such centers at  
10 such locations in accordance with this section.

11          “(b) In designating locations for centers under sub-  
12 section (a), the Secretary, upon the recommendation of the  
13 Under Secretary for Health, shall—

14               “(1) designate each Department health-care fa-  
15 cility that as of January 1, 2005, was operating a  
16 Parkinson’s Disease research, education, and clinical  
17 center unless (on the recommendation of the Under  
18 Secretary for Health) the Secretary determines that  
19 such facility does not meet the requirements of sub-  
20 section (c) or has not demonstrated effectiveness in  
21 carrying out the established purposes of such center  
22 or the potential to carry out such purposes effec-  
23 tively in the reasonably foreseeable future; and

24               “(2) assure appropriate geographic distribution  
25 of such facilities.

1       “(c) The Secretary may not designate a health-care  
2 facility as a location for a center under subsection (a) un-  
3 less the peer review panel established under subsection (d)  
4 has determined under that subsection that the proposal  
5 submitted by such facility as a location for a new center  
6 under subsection (a) is among those proposals which have  
7 met the highest competitive standards of scientific and  
8 clinical merit, and the Secretary (upon the recommenda-  
9 tion of the Under Secretary for Health) determines that  
10 the facility has (or may reasonably be anticipated to de-  
11 velop) each of the following:

12               “(1) An arrangement with an accredited med-  
13 ical school which provides education and training in  
14 neurology and with which such facility is affiliated  
15 under which residents receive education and training  
16 in innovative diagnosis and treatment of chronic  
17 neurodegenerative diseases and movement disorders,  
18 including Parkinson’s disease.

19               “(2) The ability to attract the participation of  
20 scientists who are capable of ingenuity and creativity  
21 in health-care research efforts.

22               “(3) A policymaking advisory committee com-  
23 posed of appropriate health-care and research rep-  
24 resentatives of the facility and of the affiliated  
25 school or schools to advise the directors of such fa-

1 cility and such center on policy matters pertaining to  
2 the activities of such center during the period of the  
3 operation of such center.

4 “(4) The capability to conduct effectively eval-  
5 uations of the activities of such center.

6 “(5) The capability to coordinate, as part of an  
7 integrated national system, education, clinical, and  
8 research activities within all facilities with such cen-  
9 ters.

10 “(6) The capability to jointly develop a consor-  
11 tium of providers with interest in treating  
12 neurodegenerative diseases, including Parkinson’s  
13 Disease, and other movement disorders, at facilities  
14 without such centers in order to ensure better access  
15 to state-of-the-art diagnosis, care, and education for  
16 neurodegenerative disorders throughout the health  
17 care system.

18 “(7) The capability to develop a national reposi-  
19 tory for the collection of data on health services de-  
20 livered to veterans seeking care for  
21 neurodegenerative diseases, including Parkinson’s  
22 Disease, and other movement disorders in the health  
23 care system.

24 “(d)(1) The Under Secretary for Health shall estab-  
25 lish a panel to assess the scientific and clinical merit of

1 proposals that are submitted to the Secretary for the es-  
2 tablishment of new centers under this section.

3 “(2)(A) The membership of the panel shall consist  
4 of experts in neurodegenerative diseases, including Parkin-  
5 son’s Disease, and other movement disorders.

6 “(B) Members of the panel shall serve as consultants  
7 to the Department for a period of no longer than two years  
8 except in the case of panelists asked to serve on the initial  
9 panel as specified in subparagraph (C).

10 “(C) In order to ensure panel continuity, half of the  
11 members of the first panel shall be appointed for a period  
12 of three years and half for a period of two years.

13 “(3) The panel shall review each proposal submitted  
14 to the panel by the Under Secretary and shall submit its  
15 views on the relative scientific and clinical merit of each  
16 such proposal to the Under Secretary.

17 “(4) The panel shall not be subject to the Federal  
18 Advisory Committee Act.

19 “(e) Before providing funds for the operation of any  
20 such center at a health-care facility other than a health-  
21 care facility designated under subsection (b)(1), the Sec-  
22 retary shall assure that the center at each facility des-  
23 ignated under such subsection is receiving adequate fund-  
24 ing to enable such center to function effectively in the

1 areas of Parkinson’s Disease research, education, and clin-  
2 ical activities.

3 “(f) There are authorized to be appropriated such  
4 sums as may be necessary for the support of the research  
5 and education activities of the centers established pursu-  
6 ant to subsection (a). The Under Secretary for Health  
7 shall allocate to such centers from other funds appro-  
8 priated generally for the Department medical services ac-  
9 count and medical and prosthetics research account, as  
10 appropriate, such amounts as the Under Secretary for  
11 Health determines appropriate.

12 “(g) Activities of clinical and scientific investigation  
13 at each center established under subsection (a) shall be  
14 eligible to compete for the award of funding from funds  
15 appropriated for the Department medical and prosthetics  
16 research account and shall receive priority in the award  
17 of funding from such account insofar as funds are award-  
18 ed to projects for research in Parkinson’s disease and  
19 other movement disorders.”.

20 (2) CLERICAL AMENDMENT.—The table of sec-  
21 tions at the beginning of such chapter is amended  
22 by inserting after the item relating to section 7328  
23 the following new item:

“7329. Parkinson’s Disease research, education, and clinical centers.”.

1       (b) EFFECTIVE DATE.—Section 7329 of title 38,  
2 United States Code, as added by subsection (a), shall take  
3 effect on October 1, 2005.

Passed the House of Representatives July 13, 2005.

Attest:

JEFF TRANDAHL,

*Clerk.*