

CHAPTER 8. PERSONAL FUNDS OF PATIENTS

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RESCISSIONS

The following material is rescinded:

1. COMPLETE RESCISSIONS

a. Manuals

Changes 31, 45, 50, 64, 72, 75, 141, 149, M-1, part I

b. Interim Issues

II 10-75-23

CHAPTER 8. PERSONAL FUNDS OF PATIENTS**SECTION I. GENERAL****8.01 SCOPE**

This chapter contains the policies and procedures for the management of the personal funds of patients. The provisions of this chapter will be observed when providing hospital, domiciliary, or nursing home care to patients in VA facilities.

8.02 DEFINITIONS

a. **Gratuitous Funds.** All funds deposited in the accounts of incompetent VA patients derived from VA benefits (except insurance). Although VA cannot purchase U.S. savings bonds with gratuitous funds, the patient or the patient's representative can. When these bonds are redeemed, the proceeds (principle) are considered gratuitous funds.

b. **Fiduciary.** A person or legal entity appointed by a court of competent jurisdiction, or a person or legal entity appointed by the Secretary to receive VA benefits for the use and benefit of the eligible person.

c. **Institutional Award.** An award of disability compensation, pension, or emergency officers' retirement pay to the Director of a VA health care facility, other Federal, State, or private contract facility, on behalf of a veteran rated incompetent by VA, or adjudged incompetent by court decree, or both.

d. **Non-gratuitous Funds.** All funds in patients accounts except those described as gratuitous in subparagraph a above. Interest on U.S. savings bonds purchased from gratuitous funds are also considered non-gratuitous funds.

e. **Patients.** Persons receiving hospitalization, nursing home care, and domiciliary care under VA auspices. The definition also includes persons released from authorized medical care for whom VA manages funds.

f. **PFOP (Personal Funds of Patients).** Funds deposited in non-interest bearing accounts at VA health care facilities by, or on behalf of, patients for safekeeping.

g. **Restricted Accounts.** Restricted accounts are patient's accounts for which the facility Director has been designated as trustee, and into which have been deposited personal funds belonging to the following types of patients:

- (1) All patients adjudged incompetent by a court.
- (2) All patients who have been rated incompetent by VA.
- (3) Patients considered by their treatment team to be incapable of handling their own funds.
- (4) Psychiatric patients for whom a competency rating is pending.

h. **Review Panel.** Review panels will be comprised of the Director, except where the Director has designated the team to determine the patient's competency, or Assistant Director, Chief of Staff, and a mental health professional. Review panels review appeals or determinations of competency. Members of the treatment team for the patient being evaluated are prohibited from being review panel participants.

i. **Unrestricted Accounts.** Unrestricted accounts are accounts of patients capable of handling personal funds, which are deposited for safekeeping, are not subject to the trusteeship of the Director, and are available for return to the patients on demand.

8.03 POLICY

a. VA safeguards all monies received and deposited in accounts of patients and manages funds on deposit for patients rated as incompetent.

b. Funds will not be routinely deposited in restricted accounts for newly admitted patients except for those patients who have been judicially declared incompetent or those rated incompetent by VA.

(1) The treatment team expresses an opinion of the patient's ability to handle funds and specifies the amount of funds the individual patient can manage. The PFOP account for each patient will be designated as "unrestricted" or "restricted" in accordance with the determination of the treatment team.

(2) Patients will be permitted to participate in the management of their own personal funds to the maximum extent feasible.

(3) When the treatment team or a team designated by the facility Director determines that a patient is incapable of managing own funds, the patient will be advised of the decision and the reason for that decision. The patient will be informed of any limitations to the withdrawal of funds from the PFOP account. The treatment team will specify the maximum amount permitted to be withdrawn in a single transaction, and the frequency with which transactions may be made. The decision will be filed in the patients medical record within 10 days of admission.

c. When it becomes necessary to restrict the PFOP account during an episode of inpatient care, the patient will be advised of the following:

- (1) Right to appeal, to a review panel, a decision that the patient is incapable of managing personal funds.
- (2) Right to be represented by a person of the patient's choosing.
- (3) Right to present evidence to the review panel.
- (4) The review panel will set forth in writing a summary of the evidence established, the evidence relied on and the basis for their decision, a copy of which will be furnished the patient and entered in the patient's medical record.

d. Restriction of PFOP will not be used for the following reasons:

- (1) A punitive measure, or
- (2) As a therapeutic control of modification of patient behavior.

e. The treatment team will review the decision to restrict a patients account:

- (1) When the patients condition warrants a change, and
- (2) Not less frequently than 6 month intervals during a restriction.

Patients have the right to appeal during the initial and all subsequent reviews.

f. Patients' fund accounts and patients' services activities in facilities with a predominance of psychiatric patients will be consolidated under Medical Administration Service. Directors of other facilities may consolidate patients' fund activities with patient services if the consolidation results in improved services and/or savings.

g. It is not necessary to secure competitive bids or quotations to expend properly approved funds from restricted accounts. When circumstances warrant, one source of supply may be used to the exclusion of others.

SECTION II. RESPONSIBILITIES

8.04 DIRECTOR

The Director of each VA health care facility is designated "Trustee" of all patients' personal funds received for deposit to restricted accounts at their facility. The Director may designate in writing, by name, another person at the facility to perform any or all actions necessary to execute or maintain this trusteeship.

8.05 CHIEF, MEDICAL ADMINISTRATION SERVICE

The Chief, Medical Administration Service, is responsible for:

- a. Establishing and maintaining all patients' funds accounts and preparing related reports in facilities that have patients' funds and patients' services consolidated under Medical Administration Service.
- b. Providing Fiscal Service with the necessary information to reconcile patients' funds accounts.
- c. Establishing controls that prevent unnecessary or improper expenditures.
- d. Establishing procedures for assuring that periodic reviews of "restricted" accounts are made to determine whether they may be changed to unrestricted accounts. Reviews should be scheduled and conducted with a minimum frequency of 6-month intervals.
- e. Maintaining controls to assure that all patients admitted receive a competency evaluation by a physician within 10 days following admission.
- f. Informing patients about patients' funds activities.
- g. Establishing program reviews to assure efficiency in the administration of patients' funds activities.

8.06 CHIEF OF FISCAL SERVICE

The Chief of Fiscal Service is responsible for:

- a. Establishing and maintaining all patients' funds accounts and preparing related reports in those facilities where patients' funds accounts and patients' services activities have not been consolidated under Medical Administration Service.
- b. Auditing, certifying account records and releasing funds.

8.07 ATTENDING PHYSICIAN

The attending physician is responsible for:

- a. Evaluating competency status of patients within 10 calendar days after admission to the facility, and designating the patients' account as restricted or unrestricted accordingly.
- b. Documenting in the patients medical record the reason and justification for restricting their account.
- c. Informing patients, with accounts to be restricted, of their rights to a panel review.
- d. Reviewing restricted accounts, no less frequently than intervals of 6 months.

8.08 REVIEW PANEL

The review panel is responsible for:

- a. Providing the patient with a review hearing within 10 days after a request for a hearing.
- b. Approving, disapproving, or modifying determinations of the treatment team, including the basis for:
 - (1) The determination that an account should be restricted.
 - (2) The maximum amount to be withdrawn from a restricted account per withdrawal.

- (3) The frequency with which withdrawals may be made.
- c. Rendering final decisions concerning restrictions.

8.09 OTHERS

a. Employees delegated responsibility for administration of funds in restricted accounts must consider the best interest and therapeutic progress of the patient. These considerations include, but are not limited to:

- (1) The needs of the patient as an individual.
- (2) The patients personal, social, and family relationship.
- (3) The patient's physical and mental condition.
- (4) The patient's financial and legal obligations.

b. Fiduciaries, nearest relatives, and other responsible representatives who are, or will be, providing funds for patients with restricted accounts will be encouraged to give facility management control of funds furnished.

8.10 (Reserved.)

SECTION III. ACCEPTING, RECEIPTING AND SAFEGUARDING FUNDS

8.11 ACCEPTANCE OF FUNDS FOR SPECIFIC PURPOSES

a. Certain funds received by the Director, as trustee, for deposit to patients' accounts are subject to restrictions and require special action. Funds received for a patient which are designated by the remitter for a specific purpose, if accepted, must be expended for that purpose. The acceptance of such funds will depend on whether it is proper and feasible to expend the funds for the purpose specified. The patients' condition is a factor to be considered in making such determinations.

b. Unused balances of funds which are accepted will either be returned to the remitter or, on approval of the remitter, merged with other funds in the patients' account.

c. Funds designated for specific purposes which are unacceptable, will be returned to the remitter with an appropriate explanation for the action being taken.

8.12 ACCEPTANCE OF PERSONAL OR FOREIGN CHECKS OR DRAFTS

a. Remittances received in the form of personal checks or checks and drafts drawn on foreign financial institutions, except as provided herein, will be deposited with a deferred credit date. The deferred credit period will usually be for 10 working days, however, the period may be longer if necessary. The facility Director may waive the deferred credit period when sufficiently emergent circumstances justify such action. There is no remedy for replenishing a shortage of funds created by this procedure except by collecting from the remitter, the patient or the employee who authorizes the waiver.

b. Checks received from the Custodian of Funds for beneficiaries of the Department of Defense, from court-appointed fiduciaries, fiduciaries appointed by the Secretary, or from Federal, State or local governmental agencies are not subject to the deferred credit provisions of this paragraph.

8.13 REMITTANCES TO ACCOUNTS OF DECEASED PATIENTS

Remittances received from other than Government sources for deposit to the account of a deceased patient will be returned to the remitter. Governmental checks will be returned to the issuing office however, if the check includes a remittance for another living veteran, the check will be deposited in the usual manner and the facility will then dispose of the funds as outlined in MP-4 part 1, chapter 3.

8.14 REMITTANCES DURING OFFICE HOURS

During regular working hours, funds for deposit in PFOP accounts, will be deposited with the agent cashier. When this is impractical, procedures established in paragraphs 8.21 and 8.22 will be followed. Patients will be encouraged to deposit funds while being processed for admissions, however, funds may be accepted after the patient has been admitted to a ward.

8.15 REMITTANCES DURING NON-OFFICE HOURS

The Administrative Officer of the Day or a person designated by the Chief of Medical Administration Service will receive funds for deposit to PFOP accounts during irregular hours. The procedures established in paragraphs 8.21 and 8.22 will govern such transactions.

8.16 CASH RECEIVED DURING ADMISSION AND HOSPITALIZATION

a. **General.** Patients admitted to VA health care facilities will be furnished the rules for the deposit of personal funds. Subparagraph b outlines information to be included in PFOP rules.

b. **Unrestricted Accounts.** Patients will be encouraged to deposit all funds with the agent cashier except a small amount to satisfy their immediate needs. During admission processing, or as soon thereafter as feasible, Medical Administration personnel will:

- (1) Advise patients of the facility's responsibility for and the security of patients' funds.
- (2) Caution patients about the hazards of having cash sent by mail; however, a patient who receives cash by mail will be encouraged to deposit it with the agent cashier.
- (3) Advise patients of their personal responsibility for the safekeeping of funds not deposited in a PFOP account.

c. Restricted Accounts

(1) All cash found in the possession of patients with restricted accounts or patients incapable of handling funds will be deposited with the agent cashier, except as follows:

(a) Small amounts of cash for the patient's personal purposes, or

(b) Cash that has been classified by the patient, or others as having value as a keepsake or collector's item. Keepsakes and collector's items will be deposited with the patients effects for safekeeping.

(2) Cash accepted from an unaccompanied patient incapable of handling funds will be counted by another employee who will certify in the patients record the amount received.

(3) Cash received by mail for patients whose accounts are restricted will be counted, in the presence of a witness, by the person responsible for opening the patients' mail. A temporary receipt, VA Form 10-2815, will be issued that shows the patient as the remitter for funds received by mail and funds received when the patient is unable to make direct deposit with the agent cashier.

8.17 CHECKS AND MONEY ORDERS RECEIVED BY MAIL FOR RESTRICTED ACCOUNTS

Persons furnishing funds to patients with restricted accounts will be advised to:

a. Make checks and money orders payable to the facility Director for deposit to the account of (name of patient)

b. Address mail containing such funds to the facility Director.

8.18 DISPOSITION OF CHECKS AND MONEY ORDERS WHICH CAN BE ENDORSED OR WHICH REQUIRE NO ENDORSEMENT--RESTRICTED ACCOUNTS

a. Checks and money orders will be processed in accordance with paragraph 8.19 patient before delivery to the agent cashier for deposit, if the patient is capable of understanding the nature of the transaction.

b. Checks and money orders will be processed in accordance with paragraph 8.19 if the patient is incapable of understanding the significance of endorsement.

c. Checks and money orders made payable to the facility Director for deposit in a patient's account do not require the endorsement of the patient.

8.19 DISPOSITION OF UNENDORSED CHECKS AND MONEY ORDERS--RESTRICTED ACCOUNTS

a. Checks and money orders made payable to a patient with a fiduciary will be forwarded to the fiduciary.

b. Checks and money orders made payable to a patient without a fiduciary will be deposited in a fund account for the patient. Obtain patient's signature, prior to deposit, whenever possible. When the patient's endorsement cannot be obtained the following procedures apply:

(1) The Director's designee may endorse United States Treasury checks representing payment of VA benefits, by stamped endorsement,

"Absence of Payee's Endorsement Guaranteed
Proceeds Deposited to Credit of
Payee in PFOF
Veterans Administration"

and deposit funds as a gratuitous benefit in the patient's account.

(2) The Director's designee will return other United States Treasury Checks, payable to patients, to the appropriate disbursing office by letter. The letter will indicate that the patient's medical condition precludes his/her handling of funds. A copy of the letter will be forwarded to the Government agency responsible for payment of the funds. The letter should request that the check be expeditiously reissued to a recognized fiduciary so that funds may be available for the patient's needs.

(3) Personal checks and money orders made payable to a patient will be endorsed by stamp as indicated in subparagraph (1) above, and deposited in the patient's account as non-gratuitous funds. The remitter will be requested to submit future checks payable to the Director for the account of the patient. The remitter will be informed that the patient's condition does not permit the patient to handle funds, and under legislative authority the facility Director is responsible for safeguarding patient's funds.

8.20 PATIENTS INCAPABLE OF HANDLING FUNDS

Funds delivered by attendants who accompany patients to VA facilities; or funds found in the possession of patients who are moribund, unconscious, or incapable of handling funds on admission; or during the course of hospitalization, will be accepted, and a temporary receipt for funds will be issued in the name of the patient. The notation "Delivered by (name of the person from whom received), attendant" will be inserted on the receipt; and a copy given to the person delivering the funds. Funds will be promptly delivered to the agent cashier, who will issue a VA Form 4-10285 Field Service Receipt--Patient's Funds, or safeguarded as prescribed in paragraph 8.22.

8.21 ISSUING TEMPORARY RECEIPTS

a. Employees accepting funds of patients will issue VA Form 10-2815, Temporary Receipt for Funds, pending the issuance of VA Form 4-1028, Field Service Receipt--Patient's Funds, by the agent cashier. When funds are deposited directly with the agent cashier by the remitter, no temporary receipt will be issued. Only a field service receipt will be issued by the agent cashier.

b. The original of the temporary receipt will be given:

(1) To the patient, when the patient's condition permits and the patient is the remitter.

(2) To Medical Administration, when the patient is the remitter and the patient's condition does not permit him or her to safeguard the receipt.

(3) To Medical Administration when the patient is not the remitter, however, a copy will be sent to the remitter.

c. Receipts will be held until after accounting reconciliations are completed and then disposed of in accordance with VHS&RA Records Control Schedule 10-1.

8.22 SAFEGUARDING PATIENTS' FUNDS

a. The Chief of Medical Administration will have a slotted strongbox of the bank night-depository type for safeguarding patients' personal funds until they are accepted by the agent cashier. The strongbox will have a double lock and either be securely attached to the premises or will be a type strongbox that cannot be easily removed. The keys to one lock will be retained by the Chief of Medical Administration or designees of the Chief, Medical Administration Service, and keys to the other lock (of a different type) will be in the custody of the agent cashier or alternate to the agent cashier. The representative of Medical Administration, Administrative Officer of the Day, or other appropriate employee will receipt for funds according to the provisions of this chapter. The funds, with a copy of VA Form 10-2815, will be sealed in an envelope and deposited in the strongbox.

b. Funds will be placed only in the designated receptacle unless it is known that the patient will be released before funds are accepted by the agent cashier or when funds must be made available for patients being discharged during hours when the agent cashier is not available. In these cases, funds may be kept in safes, strongboxes, or other receptacles containing patients' funds.

c. The agent cashier, or alternate, and the designated Medical Administration employee will open the strongbox on the next workday and jointly verify the contents of each envelope. Funds, safeguarded overnight or during weekends for patients who are discharged prior to receipt by the agent cashier, may be returned to the patient without establishment of a PFOP account. Patients will be required to sign a receipt for the specific amount and show the date the money was returned to them. This certification will be placed on the reverse of VA Form 10-2815 by rubber stamp or equivalent imprint. Signed copies will be filed in the patient's administration records.

8.23 PATIENTS OR MEMBERS ACCOUNT RECORDS

a. **Preparation of Account Cards.** When there are funds presented for deposit by a patient, an account card, VA Form 10-1083 series, will be prepared. When the use of these account cards is not feasible, such as when using a computerized accounting machine, an appropriate account card will be prepared and maintained in a manner similar to VA Form 10-1083 series. During admission processing, patients who present funds for deposit should sign the account card for subsequent identification. Admission personnel receipting for funds after regular duty hours will prepare an account card, obtain the patient's signature, and safeguard funds and records until they are delivered to the agent cashier. Personnel receipting for funds after admission may obtain the patient's signature on the account card and deliver it to the agent cashier with funds and records; however, this is for local determination. When a patient is unable to sign an account card at the time funds are presented for deposit, the signature will be obtained later. VA Form 10-2390a, Patients' or Members' Account Worksheet, may be used for recording information regarding recurring obligations for patients on NBC (non-bed care) status who have restricted accounts.

b. **Identification of Gratuitous Funds.** At the time an account card is prepared, the amount of private source funds included in the balance will be indicated in the space provided in the heading of the form. Thereafter, the entry in this space will remain unchanged until a new account card is required. All deposits of private source funds will be identified with an asterisk or other such designated mark. Since all expenditures are considered to be from gratuitous funds to the extent they are available at the time of the expenditure, an analysis of the card to determine the amount of private source funds remaining can quickly and easily be performed. This can be done by comparing the remaining balance against the amount of private source funds shown in the heading plus any deposits of such funds. **EXAMPLE:** A patient had an initial balance of \$500, of which \$200 was private source funds. Scan the balance remaining in the account until the first deposit of private source funds is recorded. If the balance did not fall below \$200 at any time, then the amount of private source funds remains \$200 plus the deposit. If the balance fell below the \$200 at any time, then the lowest balance plus the deposit becomes the amount of private source funds at that point. Then scan the account to see if the balance fell below this new amount before the next posting of a deposit of private source funds.

c. Maintenance of Files

(1) **Current Active Cards.** Active account cards will be filed alphabetically and will be maintained and safeguarded as provided in MP-, part I, chapter 3.

(2) **Completed Active Cards.** Filed cards for active accounts will be filed separately in alphabetical order after the annual microfilming.

(3) **Inactive Accounts.** Account cards for patients whose accounts have been closed will be filed alphabetically by calendar year in a separate file section. Disposition of inactive account cards will be made as prescribed in VHS&RA Records Control Schedule 10-1.

8.24-8.25 (Reserved.)**SECTION IV. CONTROL OF RESTRICTED ACCOUNTS****8.26 CONTROLLING ACCOUNTS SUBJECT TO \$1,500 STATUTORY LIMITATION**

a. **Statutory Limitation on Estate of Incompetent Veteran.** Section 3203(b)(1), Title 38, U.S.C., as amended, reads in part as follows:

"(b)(1) In any case in which a veteran having neither wife nor child is being furnished hospital treatment, institutional or domiciliary care without charge or otherwise by the United States, or any political subdivision thereof, is rated by the Veterans' Administration in accordance with regulations as being incompetent by reason of mental illness, and his estate from any source equals or exceeds A 1,500, further payments of pension, compensation, or emergency officers' retirement pay shall not be made until the estate is reduced to \$500...."

b. **Policy.** Except for retirement pay of incompetent retirees of the uninformed services, the Adjudication Division will determine whether a particular veteran is subject to the statutory limitation. Retirement pay other than emergency officers' retirement pay is not subject to the limitation. This determination is made when VA Form 10-7131, Part I, Admission Notice, is received from the facility. When asset information and controls are required, the Adjudication Division completes the appropriate item of VA Form 10-7131 and returns it to the facility.

c. **Procedures for Consolidated Patient Funds and Patient Services Operations.** Where patients' funds and patients' services activities are consolidated into a single operation, it is the responsibility of Medical Administration to:

- (1) Promptly forward VA Form 10-7132, with part V completed, to the Adjudication Division when:
 - (a) An initial request for asset information is received, or
 - (b) The patient's estate approaches the \$1,500 limitation, or
 - (c) The estate of a controlled asset account is reduced to \$500.
- (2) Identify the particular patient's account card as an asset controlled account.
- (3) Examine the patient's effects and records to determine the kind and value of the patient's assets.
- (4) Establish the \$1,500 total asset limitation on the patient's account card for reporting purposes.

d. **Procedures for Non-consolidated Patients' Funds and Patients' Services Operations.** In non-consolidated operations asset controls and asset reporting responsibilities are as follows:

(1) **Responsibilities and Medical Administration Are**

(a) To comply with initial request for asset information by forwarding VA Form 10-7132, with part V completed, to the Adjudication Division.

(b) To notify Fiscal that asset controls are required for patient involved.

(c) To furnish Fiscal with a listing of confirmed assets, reported by the Adjudication Division, being held by the patient outside the facility.

(d) To notify Fiscal when additional assets of significant value (other than patients' funds) are confirmed.

(e) To submit supplemental asset information to the Adjudication Division, when required.

(2) **Responsibilities of Fiscal Activity Are**

(a) To establish asset reporting controls on patients' funds accounts when requested by Medical Administration. Establish \$1,500 maximum and \$500 minimum fund balances for reporting purposes. When no confirmed assets are reported, the maximum is set at \$1,500. When the patient is reported as having confirmed assets, the maximum fund balance is reduced to compensate for value of the confirmed assets. The \$1,500 reporting requirement is reached when the fund account balance, plus VALUE of the confirmed assets reaches \$1,500. The \$500 minimum balance is set in the same manner.

(b) To notify Medical Administration when the estate of a controlled asset account approaches \$1,500. If the total indicates another deposit would cause the estate to reach or exceed \$1,500, the notification should be submitted.

(c) To notify Medical Administration when the estate of a controlled asset account for which payments have been stopped is reduced to \$500.

e. **Explanation of Entries in Part V, VA Form 10-7132**

(1) **Item 1, Funds on Deposit.** Enter the balance of funds on deposit in the patient's personal fund account. Identify the source of funds as "gratuitous" or "others."

(2) **Item 2, Other Assets.** List all available information relating to the patient's assets, other than those already on deposit in his/ her funds account. This information may be obtained from an inventory of the patient's valuables. Identify each asset as confirmed or unconfirmed. Assets physically present in the facility, such as U.S. savings bonds, unendorsed checks, securities, etc., are listed as confirmed assets. The patient's records may indicate probable or implied ownership of assets, such as real estate, bank accounts, investments, etc. No attempt should be made by the facility personnel to confirm the ownership of these assets. These assets should be listed and identified as unconfirmed. The Adjudication Division will confirm ownership of assets when necessary. Do not list personal valuables such as watches, jewelry, etc. If additional space is required for asset listings, use the "Remarks" section or the reverse of the form.

(3) **Item 3, Assets Reported on VA Form 10-7131.** List the assets reported by the Adjudication Division on VA Form 10-7131, part III.

f. **Initial Report of Asset Information, VA Form 10-7132, Part V.** An initial report of asset information is submitted to the Adjudication Division only, in response to a specific request received on VA Form 10-7131. Furnish asset information on VA Form 10-7132 by completing parts I and V. Forward two copies and retain one copy for the administrative records folder.

g. **Supplemental Asset Information Reports.** A supplemental asset information report on VA Form 10-7132, with parts I and V completed, is sent to the Adjudication Division in the following instances:

(1) When the total assets of a controlled account (funds on deposit plus confirmed assets) approaches \$1,500 and a stoppage notice has not been received from the Adjudication Division.

(2) When the total assets of a controlled account have been reduced to \$500 following payment stoppage.

(3) When information is received concerning the existence of additional assets (other than funds deposited to PFOP) which have not been previously reported.

8.27 CONTROLLING BALANCES FOR OTHER RESTRICTED ACCOUNTS

a. **General.** Certain types of restricted accounts require control balances for administrative and reporting purposes. These controls apply to the following types of accounts:

(1) Fiduciaryship cases.

(2) Patients eligible for the Patients' Assistance program.

b. **Patients or Members With Fiduciaries.** These accounts will be managed to provide funds for the needs of the patient without causing the accumulation of excessive balances. Generally, the maximum balance can be set at an amount which represents an estimate of the annual expenditure of the patient. The minimum balance will not be set below a 2-month requirement nor below the amount necessary to meet the needs of the patient pending replenishment action by the fiduciary.

c. **Patient Assistance Program.** Patients who are without means and receive less than \$51 monthly from any source (e.g., SSA, SSI, Medicaid, etc.) may be eligible for VA issue of supplies and services. Medical Administration personnel will determine eligibility and establish a control balance of \$100. Funds in excess of \$100 accumulating in these accounts will be applied to the purchase of clothing, services, or incidentals as needed. The patient will not be considered eligible for VA issue until the balance is reduced to \$100 or less.

8.28 LIAISON BETWEEN FISCAL AND MEDICAL ADMINISTRATION--VA FORM 10-1420

Where patients' funds accounts have not been consolidated under Medical Administration, effective control of restricted accounts requires close liaison and prompt exchange of information between Fiscal and Medical Administration. VA Form 10-1420, Notice Regarding Patient's Funds Account, will be used in requesting and transmitting information. Letters received from the regional office, fiduciaries or other persons furnishing funds for the patient may be endorsed by the receiving service and used in lieu of VA Form 10-1420.

a. **Initiation of VA Form 10-1420 by Fiscal Activity--Action by Medical Administration**

(1) **When an Initial Deposit Has Been Made to a Patient's Restricted Account.** Fiscal activity will prepare part I of VA Form 10-1420 and forward to Medical Administration. Part II of the form will be completed, furnishing information needed to establish the account, and then returned to Fiscal.

(2) **When the Un-obligated Balance in an Account Has Been Reduced Below the Established Minimum.** Medical Administration will take; acting to secure additional funds or advise Fiscal that additional funds are not available and that the patient is to be considered for the Patient Assistance Program when the balance is reduced to \$100. FL 10-93 will be used in requesting funds for the patient's account.

(3) **When a Deposit Has Restored the Un-obligated Balance to or Above the Minimum Balance.** Medical Administration will advise all concerned in planning for the patient's needs.

(4) **When the Unobligated Balance Exceeds the Established Maximum.** Medical Administration will request the patient's fiduciary or other person furnishing funds not to submit additional funds. If there is a substantial excess of funds and the patient has a fiduciary, the Director or person acting for the Director will authority^{1e} the release of the excess to the fiduciary by use of VA Form 10-2920, Authorization for Release of Patient's Funds. VA Form 27-555, Certificate of Legal Capacity to Receive and Disburse Benefits, executed by the Veterans Services Officer having jurisdiction of the fiduciary account, will be forwarded with VA Form 10-2920 to Fiscal Service.

(5) **When the Unobligated Balance of a Patient Eligible for VA Issue Exceeds \$100.** Medical Administration will declare the patient not eligible for VA issue and notify the service maintaining the Patient Assistance Program.

b. **Initiation of VA Form 10-1420 by Medical Administration--Action by Fiscal.** Medical Administration will forward VA Form 10-1420 to Fiscal with information from any source pertaining to a change in the status of a patient's account. Information is not limited to change in fiduciaryship status, acquisition or loss of dependents, increase or decrease in assets held in valuables or otherwise, change in eligibility for Patient Assistance Program and change in the classification of the account from "restricted" to "unrestricted" and vice versa. Medical Administration will furnish information to analyze accounts for the purpose of restricting the inheritance of gratuitous benefits in accounts of deceased incompetent patients to the persons eligible to inherit under 38 U.S.C. chapter 85, as amended. Fiscal will revise controls with the information received and take action indicated.

c. **Other Responsibilities or Medical Administration.** Medical Administration is responsible for furnishing information regarding the patient's financial status to all personnel who are initiating purchase orders, cash releases, and planning for the patient's care and treatment.

SECTION V. DETERMINING AVAILABILITY OF AND REQUESTING FUNDS FOR PATIENTS WITH RESTRICTED ACCOUNTS

8.29 GENERAL

Information received will be reviewed to determine the amount and source of funds which might be available for the personal use of a patient with a restricted account. VA Form 10-10, Application for Medical Benefits; VA Form 10-7131, Exchange of Beneficiary Information; and the claims folder, when accessible, will indicate whether the patient is in receipt of VA benefits. These records will show amount of award, to whom the benefits are being paid, and whether a fiduciary has been appointed. The person who accompanies the patient at the time of admission may be able to furnish information regarding the patient's financial status.

8.30 PATIENTS WITH FIDUCIARIES

If information indicates the patient has a fiduciary, a letter will be written advising the fiduciary of the patient's admission, the need for funds, and the policy regarding the forwarding of funds for the patient. The fiduciary will be asked to furnish funds in a lump sum consistent with the maximum and minimum balances which have been established. The letter should encourage a court-appointed fiduciary to give the Director full control of the funds within the limit of the authority granted to the fiduciary by the appointing court. This will obviate the need for subsequent letters requesting permission to make expenditures which are not covered by the understanding reached with the fiduciary.

8.31 PATIENTS WITHOUT FIDUCIARIES

If the information the patient has been awarded compensation, pension, emergency officers' retirement pay, or social security payments. Directors may expect that an institutional award will be received when the patient is rated incompetent, unless the entire award is made to or on behalf of a spouse or dependents. Prompt submission of required reports will facilitate adjudication action.

a. **Referrals to the Adjudication Division.** A recommendation will be made to the Adjudication Division for a rating concerning the patient's competency when an account has been restricted for 12 consecutive months or when otherwise warranted.

b. **Apportionments.** When the entire amount of an award is made payable to the spouse, before or after admission, it is usually with the understanding that the spouse will provide for the patient's needs. Funds for the patient will be obtained as outlined in paragraph 8.30. If difficulty is encountered in obtaining funds, the Veterans Services Officer having jurisdiction over the area in which the spouse resides will be informed. When only a portion of an award is made to or on behalf of the spouse or dependents, the recipients should not be expected to provide additional funds for the patient's needs, since apportionments are adjudicated on basis of need.

c. **Institutional Awards.** The amount received by the Director as an institutional award will represent all of the funds which are available from this source for the patient's needs.

8.32 SOCIAL SECURITY BENEFITS

The SSA (Social Security Administration), on request, will furnish VA facilities information concerning benefits payable on behalf of patients with restricted accounts, when this information cannot be obtained from the patients, relatives or other sources. The information will include the amount of benefits payable, if any, and the name and address of the person to whom paid. The following procedures will apply:

a. If it appears that a patient is eligible but no claim for benefits has been filed, a letter of inquiry will be forwarded to the social security office serving the area in which VA facility is located. The social security office would normally take action to ascertain whether a claim has been filed and notify the facility, or if appropriate, develop a claim on behalf of the patient. If requested by SSA the Director or designee of the Director will file a claim on behalf of the patient.

b. When a claim for benefits has been filed, VA Form 10-7084, Request for Information Regarding Social Security Benefits Payable on Behalf of Incompetent Patient, will be forwarded as indicated below:

(1) When patients are under the age of 65, the form will be forwarded to Social Security Administration, Bureau of Disability Insurance, Correspondence Section, Disability Inquiries Staff, Box 1075, Baltimore, MD 21203, regardless of the social security number involved.

(2) When patients are age 65 or older, the form will be sent to the payment center having jurisdiction over the social security number.

(3) Although social security account numbers are composed of nine digits, the appropriate payment center may be ascertained by reference to the first three digits of the social security account number. Geographic area numbers relating to SSA payment centers will be obtained from SSA area representatives.

c. When a VA facility is requested to provide medical evidence to the SSA in connection with a claim for disability insurance benefits, the facility will not attempt to obtain benefit payment information until 6 months following the request for medical evidence.

d. If a third party to whom social security payments are being paid does not provide for the patient's needs, VA facilities will report the facts to the payment center. The lack of response or assignment of another payee by the payment center should prompt periodic follow-up actions by VA.

e. Directors will accept payments on behalf of incompetent patients entitled to social security benefits who have no next-of-kin or other person who will accept payment and take care of the patient's needs. In these instances the Director acts in his or her official position within VA and not as a named individual. The payment center will be notified promptly if the patient dies, is transferred or is discharged. Directors may refuse to accept payments for patients who do not need the funds.

f. Accounting to the SSA

(1) In certain instances the SSA may request a detailed accounting of funds received for a particular patient.

(2) A SSA representative may be permitted to inspect the account of patients for whom SSA is making payments.

g. Funds derived from social security benefits remaining at time of death will not be released to a designee, Secretary or executor, fiduciary or other person, if the records indicate that title thereto would probably pass to the United States under 38 U.S.C. 5202 and 5220. The provisions of M-1, part I, chapter 14, are applicable.

h. Directors will insure that as trustees of the personal funds of VA patients on deposit in restricted accounts, and as representative payees for SSA payments, they fully implement the spirit of the current directives of both agencies. Broad VA policy in paragraph 8.03 and the following SSA Regulation No. 4, paragraph 404. 1606, express the same basic philosophy:

"Use of Benefits for Beneficiaries in Institutions:.... It is considered in the best interest of the beneficiary for the relative or other person to whom payments are certified on the beneficiary's behalf to allocate expenditure of the payment so certified in a manner which will facilitate the beneficiary's earliest possible rehabilitation or release from the institution or which otherwise will help him (sic) live as normal a life as practicable in the institutional environment."

8.33 ADJUSTMENT OF BENEFITS UNDER TITLE 38, UNITED STATES CODE

a. In those cases where a patient's pension has been reduced to \$60 monthly under 38 U.S.C. 3203 the patient is entitled to the full amount of the pension while on authorized absence, provided such balance is not being apportioned to the patient's spouse or children. For continuous periods of absence of 30 days or more, the patient's pension will be automatically adjusted on receipt by the Adjudication Division of VA Form 10-7132.

b. If absences are for less than 30 days, adjustment of the pension will be made in a lump sum on discharge and receipt by Adjudication Division of VA Form 10-7132. Adjustment of the award may be requested prior to discharge under the following conditions:

- (1) The patient has been receiving hospital treatment or domiciliary care in excess of 6 months; and
- (2) Periods of absence for which adjustment is claimed cumulatively exceed a total of 30 days; and
- (3) The request states the inclusive dates of each period of absence and that the adjustment is necessary to meet the financial need of the patient.

8.34 NOTIFICATION TO VETERANS SERVICES OFFICER

The Veterans Services Officer who supervises the fiduciary payee will be advised when a fiduciary payee is delinquent in furnishing funds, or if a spouse who is receiving a patient's entire award fails to provide for the patient's needs.

8.35-8.37 (Reserved.)

SECTION VI. SUBMISSION OF CLAIMS FOR FUNDS DUE PATIENTS WITH RESTRICTED ACCOUNTS AND WITHOUT FIDUCIARIES

8.38 INCOMPETENT PERSONNEL ADMITTED BY TRANSFER FROM MILITARY SERVICES

Directors may secure personal funds for incompetent members and ex-members of the military services who are patients in VA health care facilities by fulfilling the following requirements which constitute an agreement between VA and the Department of Defense:

a. When an incompetent patient is transferred from any of the military departments either prior to our subsequent to separation, the Director will notify the appropriate department, at the address shown below, of the admission and request that funds not to exceed \$250 be transferred to VA to provide for the patient's needs. Funds requested will not exceed the amount required to bring the balance of funds in the patient's account to \$250. The request will contain the following information:

- (1) Name and address of VA facility.
- (2) Full name and social security number of patient.
- (3) Date of admission to VA facility.
- (4) Military station from which transferred and military status at the time of admission.
- (5) Source and amount of funds currently on deposit.
- (6) Name, address, and relationship of all relatives on record.
- (7) Any available information relative to the contemplated appointment of a fiduciary.
- (8) Name of certifying officer, position title, and expiration date.
- (9) Statement that "applicant requests to receive and administer payments on behalf of the above-described mentally incompetent patient, and agrees to faithfully discharge the duties in accordance with requirements of law and implementing regulations."
- (10) Signature, title, and date.

b. Address of the military departments for processing requests are:

ARMY

Active Duty Personnel

Commander
U.S. Army Finance Support Agency
Attn: Department 70
Indianapolis, IN 46249

Retired Personnel

Commander
U.S. Army Finance Support Agency
Attn: Department 90--FAE
Indianapolis, IN 46249

NAVY

Appellate Review Activity
Fiduciary Affairs Division (Code 47)
Office of the Judge Advocate General
Washington, DC 20390

AIR FORCE

AFASC
RPT
Denver, CO 80279

COAST GUARD

Commandant (G-FPS-4/71)
Retired Pay Branch
Washington, DC 20590

MARINE CORPS

Marine Corps Finance Center
Retired Pay Division
Kansas City, MO 64197

PUBLIC HEALTH SERVICE

Chief, Commissioned Officers' Pay Unit
Public Health Service
Room 1401, North HEW Building
3rd and Independence Avenue, SW.
Washington, DC 20013

**NATIONAL OCEANIC AND ATMOSPHERIC
ADMINISTRATION**

(Formerly Coast and Geodetic Survey)
Chief, Commissioned Personnel Branch
National Oceanic and Atmospheric Administration
Rockville, MD 20852

c. The appropriate military department will advise the Director of name and address of the designated trustee. If a trustee has not been designated, the military will furnish the requested funds to the Director, provided there are sufficient funds due the patient.

d. If the patient is retired and a trustee is designated after funds have been advanced, the military will notify the Director to submit a final accounting of the advance funds. This final accounting, listing essentially the same information as shown on VA Form 27-4706b, Federal Fiduciary's Account, will be submitted to the appropriate military department and not to the designated trustee. An accounting of the initial advance of funds must be submitted when requesting supplemental advances. If the patient in a retired status is released from care, the Director will notify the appropriate military department and submit final accounting of the advance funds. In the event the patient is mentally incompetent for pay purposes at time of release and a trustee or legal representative has not been designated, the balance of advance of funds remaining in the patient's account will be immediately returned with a final accounting.

e. When the patient is discharged, rather than retired, the Director will submit a final accounting of the advance funds as provided in subparagraph d, above. At the same time, a claim for the patient's accrued pay and allowances will be submitted.

**8.39 ACCRUED PAY AND ALLOWANCES-- INCOMPETENT MEMBERS OF MILITARY SERVICES
DISCHARGED WHILE RECEIVING HOSPITALIZATION**

Directors will take prompt action to obtain accrued pay and allowances due to an incompetent patient, who is discharged from active service while hospitalized. Claims will be submitted to the appropriate military department in accordance with paragraph 8.38a and b.

**8.40 ACCRUED PAY AND ALLOWANCES--INCOMPETENT RETIRED MEMBERS OF MILITARY
SERVICES**

Normally, mentally incompetent ex-members of the military service do not have accrued pay and allowances due them; therefore, retirement funds for incompetent retired members should be requested only when it is known that there are funds payable. Also, funds, when available, are payable only to a legally appointed fiduciary, or a trustee designated by the military department. The easiest way to obtain pay and allowances, under these circumstances, is through the designation of a trustee by the military department concerned. When beneficiaries are without funds to defray personal expenses, the next-of-kin will be requested to provide necessary funds. They will be advised that any pay and allowances and retired pay due the incompetent beneficiary may be secured by making written application for designation as trustee of the military department concerned. If there is no known next-of-kin, the Director will make application to the military department concerned for appointment as trustee for the accrued pay and allowances only. Applications will be directed to the appropriate department.

**8.41 ADJUSTED SERVICE CERTIFICATES, ADJUSTED COMPENSATION BONDS, TERMINAL
LEAVE PAY, OR TERMINAL LEAVE BONDS**

These securities may be cashed per printed instructions or as instructed by the controlling office. Funds derived from these securities will be deposited to the patient's account and used to meet the patient's needs.

8.42 STATE BONUS

If permissible under State law or regulations, Directors are authorized to file applications for payment of State bonus for patients with restricted accounts for whom fiduciaries have not been appointed and to receive payment as trustee. Because of the time limitations for filing claims for the bonus in some States, prompt action will be taken to file claims.

8.43 REDEMPTION OF U.S. SAVINGS BONDS, SERIES E

a. Directors may redeem, for individual needs of the patient, series E savings bonds registered in the name of the patient when a fiduciary has not been appointed. Instructions on how bonds must be endorsed and certified are in MP-4 part I, chapter 3.

b. In rare instances when there is redemption of bonds that were purchased with funds from accounts which had their source in VA gratuitous benefits and which were originally deposited by VA (but not necessarily in the form of an institutional award) proceeds, exclusive of interest, will be considered gratuitous benefits. Interest earned on such bonds will be considered non-gratuitous benefits.

8.44-8.45 (Reserved.)

SECTION VII. WITHDRAWALS FROM UNRESTRICTED ACCOUNTS

8.46 BY PATIENT

a. Patients may make cash or check withdrawals by executing a VA Form 10-1 126, Withdrawal of Personal Funds. Mark signatures must be supported by signatures of two witnesses at time of payment to payee, as evidence of receipt of funds. Patients who make withdrawals and who remain at the facility will be reminded, by the employee authorizing the withdrawal, of patients' personal responsibility for safeguarding their own funds. Residual balances left in an account after discharge from the facility may be issued to the patient by check. The patient will be informed by letter indicating the amount and expected arrival date of the check. In lieu of the patient's signature, show the date of discharge on the withdrawal form.

b. Patients with unrestricted accounts who remain hospitalized are expected to cooperate and adhere to policies, procedures, and schedules established locally relative to the frequency of withdrawals and banking hours of the PFOP. However, on demand, funds must be released in accordance with established policy for unrestricted accounts. Patients failing to cooperate may be subject to disciplinary action as outlined in M-1, part I, chapter 1, section IV.

c. Facilities have the option of utilizing VA Form 10-2675, Consolidated Requisition for Cash Withdrawals, in instances where it is desirable to release funds directly to patients in ward areas where they may be physically unable to present themselves to the agent cashier for withdrawal by use of VA Form 10-1126, Withdrawal of Personal Funds. However, VA Form 10-2696, Expenditure Schedule and Purchase Order, may not be used to purchase coupon books, incidentals, clothing, etc., for patients with unrestricted accounts. They are expected to manage their own funds.

d. Competent patients with unrestricted accounts having fund balances in excess of their needs should be informed of the advantages of depositing funds in financial institutions.

8.47 FOR PAYMENT TO THIRD PARTY

Patients may authorize payment by check to third parties. The document directing the payment must clearly indicate the name and address of the third party to whom payment is to be made. For identification purposes, an unsigned copy of the form may be prepared for enclosing with the check.

8.48 DURING NON-OFFICE HOURS

To the extent possible, releases from patients' funds will be made during regular office hours; however, procedures will be established locally to release funds to patients leaving the facility during non-office hours. Provisions will be made for continued safeguard of funds until release.

8.49-8.51 (Reserved.)**SECTION VIII. WITHDRAWALS FROM RESTRICTED ACCOUNTS****8.52 GENERAL**

All withdrawals from restricted accounts will be authorized by the Director or designee named in writing by the Director.

8.53 CASH RELEASES FOR SPENDING MONEY AND INCIDENTALS

a. Cash may be released to selected patients at regular intervals for their discretionary use for incidentals while hospitalized. Such releases are considered therapeutically beneficial and in accordance with the policy, contained in M-2, part X, chapter 2, of allowing each patient maximum independence. The maximum amount of cash released to patients for these purposes will be established. In determining the amount of funds to be released to patients, the therapeutic benefits to be derived and other circumstances that may influence the release of cash will be considered individually.

b. VA Form 10-2675, Consolidated Requisition for Cash Withdrawals, will be used to authorize withdrawal of funds under this policy. The Director may appoint one or more employees as designee in receiving and delivering the funds to the patients. This does not preclude patients or members from receiving funds under this policy directly from the agent cashier. Generally, Fiscal employees will serve as messengers for the purpose of delivering such funds to the employee acting for the Director. The designated employee will receipt for temporary custody in accordance with MP-4, part I, chapter 3. The individual designated to distribute these funds will not be one of the patients' funds clerks maintaining the individual account records.

8.54 SPECIAL PROVISIONS FOR RELEASING CASH DIRECTLY TO PATIENTS

In authorizing cash releases of funds to patient, certain "restricted" accounts may be temporarily designated as "unrestricted." For example, instead of authorizing individual cash withdrawals at regular intervals, the patient's account may be designated "unrestricted" for a specific period and for an amount deemed appropriate. These actions will be coordinated with the staff physician responsible for the patient's treatment. This procedure will permit the patient to visit the agent cashier and withdraw cash to the extent authorized and should be an aid in determining his/her capability of handling funds. Also, administrative procedures involved in paragraph 8.53 can be eliminated.

8.55 REMUNERATION FOR INCENTIVE THERAPY AND COMMUNITY EMPLOYMENT PROGRAMS

a. **Incentive Therapy Program.** "Nominal remuneration" used in 38,-U.S.C. 618 is interpreted to mean a token grant of money in the nature of a gratuity or an award payable by VA to the patient or member as a part of the expense of the therapeutic and rehabilitative program, as distinguished from salary, wages, or earnings. Payments in incentive therapy programs are not intended as remuneration for services rendered, but rather as an inducement to selected patients and members to enter into activities which will assist them in regaining self-

reliance. Payments in incentive therapy programs will be made directly to the patient or member concerned, and only when medically indicated, to their account in Fiscal. These payments are for medical care and do not fall within the category of benefits otherwise payable to a fiduciary. A court-appointed fiduciary of an incompetent patient would have no right to demand these payments, irrespective of any provision of the fiduciaryship laws in the State in which the fiduciary was appointed. Payments made for incentive therapy programs are classified as non-gratuitous benefits.

b. **Community Employment Programs.** Payments from sources other than VA to the patient (i.e., work for pay program in the community and community contract work projects performed in the facility) as a part of the therapeutic and rehabilitative employment programs, must be considered as salary or wages. If the patient has a fiduciary, the fiduciary should be requested to authorize in advance the use of the incompetent's earnings for spending money. If the fiduciary is court-appointed, the court may require prior permission for such a procedure or an accounting of the salary paid. Since the question of whether prior permission is needed is a matter of State law, the District Counsel serving the area in which the facility is located should be consulted to determine the appropriate action to be taken. Once local procedures are established, requests for advice from the District Counsel should be limited to problem cases. An incompetent patient may be paid the entire amount of the patient's salary, but only if it has been determined that the patient is capable of handling these funds. Otherwise, salary funds should be sent to the Director for deposit in the patient's account.

8.56 EXPENSES FOR AUTHORIZED ABSENCE--RESTRICTED ACCOUNTS

a. Funds may be released to meet the needs of a patient while the patient is on authorized absence. Whenever possible, funds will be released directly to the patient. When the patient is not capable of handling funds they will be released to the person assuming responsibility for the patient during the authorized absence.

b. VA Form 10-2920 will be used to authorize withdrawals directly from the agent cashier. To facilitate identification of a patient, an employee's signature attesting to the patient's signature will appear on all forms authorizing direct release of funds to patients, provided other means of identification are not adequate (i.e., members cards, patient ID bracelets, facility personnel, etc.). VA Form 10-2920 will be submitted to Fiscal in original only, except an additional signed copy will be submitted when dual payment is authorized, i.e., a cash release on departure and a check to be mailed. VA Form 10-2675 may be used when direct payment by the agent cashier is not feasible.

8.57 EXPENSES WHEN ON NBC STATUS--RESTRICTED ACCOUNTS

a. **Patients Without Fiduciaries.** Funds may be released from the account of a patient without a fiduciary to provide for expenses while in NBC status. On departure, the patient, or the person assuming responsibility for the patient, may be given cash and or check in the amount sufficient to meet the patient's needs until the next scheduled date for forwarding monthly remittances to NBC patients. The amount should include funds necessary for returning the patient to the facility when return is not at VA expense. Maintenance funds will usually be provided by monthly remittances for patients in NBC status and will be processed to reach the patient about the same date each month. Controls will be established to insure appropriate review and recommendations regarding the patient's need for funds.

(1) VA Form 10-2920 will be used to authorize release of funds for this purpose and in lieu of a separately prepared form each month, it may be prepared in sufficient copies to authorize a series of monthly releases. If the latter procedure is adopted, Medical Administration will promptly notify Fiscal of any change in patient's status to preclude the release of funds when NBC status is terminated or patient is re-hospitalized.

(2) When mutual operating advantages result to Fiscal and Medical Administration, releases for all patients in NBC status may be listed monthly on SF I 166, Voucher and Schedule of Payments, and SF I I67(Continuation Sheet) in lieu of individual VA Forms 10-2920. The authorization for the withdrawals will be typed on Fiscal's copy of the forms and will read as follows: "Withdrawals from the above-named patients' accounts are authorized for non-bed care expenses for the month of (month)." The authorization will be signed by the Director or designee. In preparing SF I 166 and SF I 167 releases will be listed in the following manner:

Direct to Patient

James E. Smith SS 000 00 0000
100 First Avenue
Hometown, USA ZIP Code

**To Person Assuming Responsibility
for Patient**

Mrs. Mary Smith
A/C James E. Smith
SS 000 00 000
423 First Avenue
Hometown, USA ZIP Code

b. **Patients With Fiduciaries.** A patient who has a fiduciary may be given only sufficient cash on departure to meet his/her immediate needs until funds can be furnished by the fiduciary directly to the patient or to the person accepting responsibility for the patient. Prior to the patient's departure, arrange with the fiduciary to provide for the patient's subsequent needs and include provisions for the disposition of the remaining balance in the patient's account, i.e., retained at the facility or refunded to the fiduciary. Release by means of VA Form 10-2920, as described in paragraph 8.56b. A copy of VA Form 27-555, Certificate of Legal Capacity to Receive and Disburse Benefits, VA Form 10-7131, or other notification to confirm recognition of the fiduciaryship will be attached to VA Form 10-2920 authorizing the release of the balance in the account of the fiduciary.

c. **Patients Admitted as Military Personnel Pending Separation.** A patient for whom funds have been received in accordance with paragraph 8.38 will be given sufficient funds on departure to meet his/ her immediate needs. Return the balance of funds remaining to the office of the military department from which received. A letter informing the military department of the patient's departure and final accounting of advanced funds will be mailed. Prior to departure, arrange with the military department for the designation of a trustee or for a determination of competency. Release funds on deposit which were not received in accordance with paragraph 8.38 in accordance with subparagraph a, above.

d. **Managed Through a Third Party.** When funds are released to a third party to provide for incidental NBC expenses or other similar needs, establish controls to assure that all funds are expended in a prudent manner. This is frequently necessary when a veteran is placed in a foster home or is provided nursing home care in the community.

8.58 PROCUREMENT OF CLOTHING, CLOTHING SERVICES (INCLUDING CLEANING, PRESSING, ALTERATION, AND REPAIR), AND INCIDENTALS-- RESTRICTED ACCOUNTS

a. As trustee of all funds on deposit in restricted accounts, the Director must ensure that purchases for patients are made under the most advantageous conditions. The Secretary of Veterans Affairs is vested with statutory authority and responsibility to charge reasonable prices in retail sales activities operated by the Veterans Canteen Service, hereafter referred to as VCS. For the items they sell, the VCS will be considered the primary source of supply. Otherwise, procurement may be accomplished in any available market.

b. Regardless of the source of procurement, encourage patients to participate and assume as much responsibility in making purchases as their conditions permit. Visits to display and or sales rooms, personal selection of merchandise, and participation in the acceptance, delivery, and payment for the merchandise and services are some of the therapeutic objectives which will be considered in establishing procedures for purchases.

c. Purchase may be authorized in the following methods with preference given in the sequence shown:

- (1) Cash withdrawals.
- (2) Use of VCS coupon books.
- (3) Use of VA Form 10-2696, Expenditure Schedule and Purchase Order.

Distribute copies to meet regulatory and facility needs. When patients are permitted to make direct purchases of clothing, have this clothing marked for identification. A fiduciary or other person furnishing funds for purchasing patient's merchandise may stipulate the quality, price, and source of purchase as long as stipulations are within the prescribed policies and procedures. References to the written authorization of third parties furnishing funds will be recorded on the purchasing document.

d. The routine and/or distribution of purchasing documents will vary, depending on whether Medical Administration or Fiscal has responsibility for maintenance of patients' funds: however, the basic instructions are in MP-4, part I. Although the Supply Service will not process these purchasing documents, they will be requested to make, interpret and administer contracts when required, follow-up on delinquent deliveries on contract times, and provide information on non-contract sources.

8.59 OTHER WITHDRAWALS FOR THE THERAPEUTIC BENEFIT OF PATIENTS--RESTRICTED ACCOUNTS

a. **General.** Withdrawals may be authorized for the purchase of any article or service which will be of therapeutic benefit to the patient provided sufficient funds remain in the patient's account to meet his or her clothing, incidental, and other essential needs. The purpose of these withdrawals include, but are not limited to, purchases of articles such as watches, radios, cameras, electric shavers, gifts, magazine subscriptions, and payment of organizational dues. Such withdrawals will be predicated on the judgment of the professional staff as to:

- (1) The therapeutic benefit to be derived by the patient.
- (2) The patient's ability to understand the nature of the transaction.
- (3) The patient's willingness to participate in the realistic planning for the purchase.
- (4) The patient's capability of taking care of the article.

b. **Consent of Fiduciary or Other Person Furnishing Funds.** Directors are restricted in authorizing withdrawals for patients for whom funds are received from a fiduciary or other person by the conditions and agreements under which the funds were requested and furnished. A statement that the withdrawal come a within the purview of agreement, or that special consent has been obtained from the fiduciary or other person will be inserted on VA Form 10-2920 under "Remarks". A copy of the agreement or special consent need not be attached.

c. **Consent of Staff.** Medical Administration Service will document the patient's record to the effect that the withdrawal meets the therapeutic considerations involved. When needed, the assistance of the professional staff will be obtained.

d. **Consent of Patient.** The patient's signature will be obtained on the authorizing form to indicate his/ her understanding of the therapeutic considerations involved. When the patient's signature cannot be obtained because of absence from the facility, or due to a physical disability, enter a statement to that effect on the authorizing form.

e. **Procedures.** Withdrawals of this nature will be made by use of VA Forms 10-2920, 10-2675, or 10-2696, completed in accordance with the preceding paragraphs. It is preferred that the patient be permitted to make the purchase so as to enhance the therapeutic benefits which are to be derived.

8.60 TO PROTECT THE PATIENTS' INTERESTS

Withdrawals may be authorized to protect the interests or to meet moral obligations of a patient, such as payment of taxes, insurance premiums, and indebtedness to a third party; purchase of U.S. savings bonds, series E; and advance of funds to a spouse, child, parent, or other relative. Requests for withdrawals from the patient's account for whom funds are received from a fiduciary or other person will be referred to the person furnishing funds for his/her action. If instructed by the person furnishing funds releases of this nature may be authorized for a patient, in which case a copy of the instructions will be attached to the authorized for withdrawal. The procedures stated in paragraph 8.57a(2) may be adopted for repetitive releases. For all other patients withdrawals will be in accordance with the following:

a. Payment of Indebtedness. Withdrawals for payment of an indebtedness to a third party may be authorized under the following conditions:

(1) The patient acknowledges the indebtedness, appears to understand all circumstances involved, and wishes payment to be made.

(2) Sufficient funds would remain in the patient's account to meet other needs.

(3) There is no legal bar to payment such as a statute of limitations. If a patient is incapable of understanding all of the circumstances involved, obtain the advice of the District Counsel in the area in which the facility is located. Attach a copy of the advice received from the District Counsel to the authorization for withdrawal. Support all such withdrawals with an itemized claim from the creditor. A claim submitted on other than a creditor's billhead must contain the creditor's address and signature.

b. Payment of Taxes, Insurance Premiums, or Similar Obligations. Authorize withdrawals for payment of taxes, insurance premiums, utility bills, or similar obligations when the best interests of the patient will be served.

c. Purchase of U.S. Saving Bonds, Series E

(1) Non-gratuitous funds, surplus to the immediate need of the patient, may be withdrawn from a patient's account to purchase U.S. savings bonds, series E, in the following instances:

(a) At the request of a patient if the patient understands the significance of the transaction; or

(b) At the request of the next-of-kin if the patient is unable to understand the significance of the transaction; or

(c) If in the opinion of the Director, based on medical and administrative determination, such purchase is in the best interest of the patient.

(2) Gratuitous funds will not be withdrawn for the purchase of U.S. savings bonds.

d. Advance of Funds to a Patient's Spouse, Child, Parent, or Other Relative. Funds may be advanced to a patient's spouse, child, parent, or other relative when the advance serves and protects the best interest of the patient. a determination will be made that the release of funds does not infringe upon the functions of the Adjudication Division with respect to apportionments, except as provided in subparagraph e. For example, it is proper to release funds from the account of a newly admitted patient to a spouse, until such time as the spouse can file an application for an apportionment and adjudication action taken. After such action has been take, Directors will ensure that release s do not conflict with this determination.

e. Releasing Fund to Dependent Parents in Lieu of Apportionments

(1) Payment of compensation or pension to or on behalf of a patient without spouse or child but with a dependent parent is subject to the \$1,400 limitation on estates. Depending on the size of the estate and the balance of the patient's account, the Veterans Services Officer may advise the Director that the patient's award has been discontinued and request that the dependent parent be furnished funds each month in lieu thereof from the patient's account until the balance has been reduced to \$2,500 or a lesser amount if stipulated. The request from the Veterans Services Officer will be in the form of a memorandum and will give the following information:

- (a) Name and address of the dependent parent(s) to whom funds are to be released.
- (b) Amount of each monthly release.
- (c) Date releases are to begin.
- (d) Balance to which the account is to be reduced by such releases as well as by expenditures for patient's needs.

(2) Establish controls to assure the timely release of funds in order that the dependent parent will receive the payment on approximately the first day of each month. Forward a letter to reach the dependent parent at approximately the same time as the first check. The letter will inform the dependent parent that payment from the patient's funds will be received from the facility until further notice and request notification of any change of address. Approximately 30 days prior to the time that the patient's account will be reduced to \$2,500 or to a stipulated amount, advise the Veterans Services Officer who recommended the payment so the Veterans Services Officer may recommend initiation of an apportionment of the patient's ward by the Adjudication Division. Continue to release funds to the parent until advised that adjudication action has been completed. In some instances the Veterans Services Officer may request that regular releases, of a stipulated amount, to the dependent parent be continued. It is expected that requests from Veterans Services Officers be accepted and acted on unless there are circumstances, such as plans for discharge or placement in NBC status, where depletion of the account would be contrary to the patient's best interest. In such instances, advise the Veterans Services Officer of circumstances and request reconsideration.

8.61 TRANSFER AT PERSONAL EXPENSE

(a) Funds required to defray the cost of transferring a patient for personal reasons will not be at VA expense and must be furnished by the fiduciary or by the person qualified to act for the patient. Fiduciaries may furnish specific funds for this purpose or may authorized use of funds already on deposit in the patient's account. In the case of a patient without a fiduciary, funds in the patient's account may be used if not obtainable from the person acting for the patient in matters concerning the transfer., If considered more efficient, third parties may be encouraged to secure whatever transportation is medically indicated for the transfer. Reduced rate transportation requests may be issued in these instances; however, any funds furnished by third parties will be deposited in the patient's accounts and earmarked for this purpose.

b. VA Form 10-2920 will be used for the withdrawal of funds necessary for travel expenses and advances to attendants for miscellaneous expenses. Fees will not be paid to attendants until completion of the travel.

c. Funds advanced to or claimed by an attendant for transfer expenses will be accounted for by an itemized statement furnished by the attendant after completion of travel. The attendant must return any advanced funds not expended. Payment of attendant fees when authorized will be by use of VA Form 10-2910, submitted to Fiscal with the statement of expenses supported by receipts for all expenses on which local or State taxes are paid and each item of expense over \$3.

8.62 RECREATIONAL OUTINGS AT PERSONAL EXPENSE

The procedures in paragraph 8.61 apply.

8.63 PATIENTS, WITHOUT FIDUCIARIES, CAPABLE OF HANDLING FUNDS ON DISCHARGE

A discharged patient without a fiduciary may receive the balance of funds from the patient's account, provided the patient is considered to be capable of handling the amount involved. VA Form 10-2920 or 10-2675 will be used to authorize withdrawals.

8.64 PATIENTS, WITHOUT FIDUCIARIES, INCAPABLE OF HANDLING FUNDS ON DISCHARGE

a. Funds, necessary to meet personal needs of a patient without a fiduciary, may be released even though the patient is considered incapable of handling the balance of funds in their account. VA Form 10-2920 will be used to authorize such releases to the patient or the person accepting responsibility for the patient.

b. On receipt of instructions from the Veterans Services Officer having jurisdiction, the balance of funds remaining in a patient's account will be released by use of VA Form 10-2920. Either VA Form 27-555, Certificate of Legal Capacity to Receive and Disburse Benefits, or a copy of the instructions received from the Veterans Services Officer will be forwarded with VA Form 10-2920 to the Fiscal Service.

8.65 DISCHARGED PATIENTS WITH FIDUCIARIES

Prior to discharge of the patient, arrange with the fiduciary to provide for the patient's needs after discharge. Funds may be released from an account at the time of discharge to meet the patient's needs until the fiduciary can assume responsibility. VA Form 10-2920 or 10-26-75 will be used to authorize releases to patients or persons assuming responsibility for patients. The balance remaining in the patient's account will be released to the fiduciary. VA Form 27-555, VA Form 10-7131, or other notification to confirm recognition of the fiduciaryship, will be attached to VA Form 10-2920 authorizing such payments.

8.66 DISCHARGED PATIENTS ADMITTED AS MILITARY PERSONNEL PENDING SEPARATION

- a. The procedures in paragraph 8.57c apply.
- b. If the balance of funds remaining on deposit was received from any other source, provisions of paragraphs 8.63 and 8.64 will apply.

8.67-8.69 (Reserved.)**SECTION IX. DISPOSITION OF FUNDS****8.70 GENERAL**

- a. **Following Unauthorized Absence.** Disposition of the balance of funds in the patient's account will not be made until the patient's unauthorized absence status has been terminated other than by return to the facility.
- b. **Following Transfer of Patient.** The provisions of MP-4, part I, chapter 3 apply.
- c. **Following Death.** The provisions of chapter 14 apply to the inventory, receipt, and deposit of funds.

8.71 MILITARY PERSONNEL

- a. **Admitted Pending Separation.** Following unauthorized absence or death, return the balance of funds received from incompetent personnel transferred from the armed services to the military department from which received with a letter advising of the patient's disposition. Enclose a final accounting, as described in paragraph 8.38d. of the entire amount of funds which were advanced, with the letter. Dispose of all other funds in accordance with paragraph 8.73 and subparagraph b.

b. **On Active Duty List.** Release funds remaining in the account of such patients to the patient's commanding officer for disposition, except as described in paragraph 8.71a.

8.72 ALLIED BENEFICIARIES

The provisions of MP-4, part I, apply.

8.73 VA BENEFICIARIES

Except for military personnel covered in paragraph 8.71, the provisions of sections VI and VII apply to funds remaining in accounts following an unauthorized absence and the provisions of M-1, part I, chapter 14, apply to funds remaining in accounts following death.

8.74 ALL OTHER PATIENTS

a. Following unauthorized absence, the balance of funds in accounts of patients other than those listed above, such as non-veteran employees, non-veterans admitted for humanitarian reasons, and beneficiaries of the Office of Workers Compensation Programs may be released to the owner. If such disposition cannot be made, the provisions of MP-4, part I, apply.

b. Following death, the balance of funds in accounts of all other patients will be disposed of under the provisions of chapter 14.

8.75-8.77 (Reserved.)

SECTION X. COUPON BOOKS

8.78 POLICY REGARDING PROCUREMENT

Coupon books are available from the VCS for those patients with funds in restricted accounts who are incapable of handling cash for the purchase of incidentals and who can achieve therapeutic benefit from this type of purchasing arrangement. There will not be indiscriminate use of patients' funds for purchase of coupon books, and they should be issued only after determination of medical need for this type of purchasing arrangement by the patient's treating physician. Usually, coupon books will not be issued when the patient is receiving cash.

8.79 RECEIPT, STORAGE, AND ISSUE

a. Medical Administration personnel will be responsible for receipt, storage, and issue of coupon book for all patients except those in domiciliaries. Chiefs of Domiciliary Operations, or designee, will have this responsibility. Because of direct involvement of nursing personnel in patient's treatment plans, the objective of achieving therapeutic benefits through coupon books purchases, and continuous supervision of the patient, ward nursing personnel should assist to the extent determined by local management. It would be expected that nursing personnel assume responsibility for these activities whenever Medical Administration personnel are not available.

b. The patient's name and identification number will be entered in the patient's coupon books immediately after issue by the VCS. When coupon books are not being used for purchases, they will be safeguarded in designated locations in a uniform manner so that appropriate personnel have ready access.

c. Except for the provisions of other paragraphs, the manner in which patients may make purchases from the VCS will be determined by local management.

8.80 INVENTORY AND REDEMPTION**a. For Patients Hospitalized, Domiciled, or in VA Nursing Care Units**

(1) The VCS requires that an inventory of unused coupon books be taken as of close of business March 31 during odd-numbered years (i.e., 1991, 1993, 1995, etc.). This will include all unused coupons, including gift coupon books, in the possession of all patients. The inventory will be accomplished by designated VA employees and will be verified by Medical Administration and VCS representatives. When the inventory has been verified, the unused coupons will be returned for the patients' continued use. The Chief of Medical Administration need only to maintain evidence that an inventory was accomplished and properly verified.

(2) Coupon books may be redeemed when it appears that patient's receiving therapeutic benefit from their use. In these cases, the unused coupons and an SF 1114, Bill for Collection, showing patient identification and unused amount, will be forwarded promptly to Fiscal for redemption and subsequent deposit to patient's account.

b. On Transfer, Release to NBC, Discharge or Death. Prior to transfer, release to NBC, or discharge and on death, inventory of unused coupons will be made for redemption purposes in accordance with subparagraph a(2). In lieu of this procedure, when properly authorized, the redemption value of the unused coupons may be paid in cash by the VCS to the patient or person assuming responsibility for the patient. "Coupon Redemption by VCS Authorized" will be stamped on the reverse of the coupon book and signed by the Chief of Medical Administration or designee. The delegation and use of this stamp will be strictly controlled to prevent abuse.

c. All unused gift coupon books will be returned to the Director, Voluntary Service, or other appropriate activity for reissue.

8.81 LOST, STOLEN, DESTROYED, OR MUTILATED

The loss, theft, destruction, or mutilation of patient's coupon books will be reported to the Chief of Medical Administration, who will authorize any necessary investigation and take appropriate action to protect the patient's interest.