

## **Cracking Down on Predatory Claims Companies**

### **The VFW's Concerns:**

The VFW is concerned that bad actors have been preying on veterans by seeking to access their earned Department of Veterans Affairs (VA) benefits. When the COVID-19 pandemic struck, unaccredited consulting groups that the VFW calls "Claim Sharks" viewed the chaos as an exploitation opportunity. Since the passage of the PACT Act, they have ramped up their efforts even more.

These groups aggressively advertise online and make promises to increase veterans' disability ratings. Some charge thousands of dollars in fees for their services and even request VA login credentials to track when veterans receive future ratings increases. If a veteran receives a disability percentage increase years later, often these companies return seeking more money. Furthermore, they routinely obtain medical opinions from affiliated medical providers, which raises ethical concerns.

Under VA regulations, accredited representatives of Veterans Service Organizations, like the VFW, cannot charge fees for claims services. We gladly provide these services for free. Attorneys and agents may also seek VA accreditation, and may charge certain fees that are capped and can apply only to retroactive benefits. Claim Sharks, however, avoid accreditation in order to impose exorbitant fees and avoid VA oversight. Several years ago, penalties regarding fees were removed to allow accredited attorneys and agents to charge certain fees, leaving a gap in the law that predators are exploiting. The VFW believes that penalties need to be reinstated. Anyone who assists veterans with the preparation, presentation, or prosecution of VA claims should adhere to established fee caps or be subject to penalties.

### **The VFW urges Congress to:**

Pass the *Governing Unaccredited Representatives Defrauding VA Benefits Act*, known as the *GUARD VA Benefits Act*. This legislation would reinstate penalties for charging veterans and survivors unauthorized fees relating to claims for VA benefits.



## **Claim Sharks Q&A**

**Q: What makes these companies predatory?**

**A:** The law prohibits anyone who assists veterans with the preparation, presentation, or prosecution of their Department of Veterans Affairs (VA) disability claims to charge fees for their services. Many of these companies use contracts that include a commitment by the veteran to pay them all or a portion of their increased benefits. If a veteran receives a disability percentage increase years later, these companies often return seeking more money. Furthermore, they routinely obtain medical opinions from affiliated medical providers, which raises ethical concerns.

**Q: Some of these companies say they would seek VA accreditation but there currently is no path for them to do so. Shouldn't our focus be on reforming accreditation?**

**A:** This claim is untrue. Anyone can seek VA accreditation, but then would be subject to oversight by VA's Office of General Counsel and would not be allowed to charge high fees for claims assistance. The VFW is open to discussions about how to improve the accreditation process, but that does not involve making it easier for Claim Sharks to take advantage of veterans.

**Q: What does it mean when a claims representative or service officer is accredited? What is accreditation?**

**A:** Accreditation by VA authorizes individuals or Veterans Service Organizations (VSOs) to represent veterans for their VA benefits claims. VA accreditation is for the sole and limited purpose of preparing, presenting, and prosecuting claims before VA. Accreditation requires passing extensive training and background checks. VSOs like the VFW have some of the most well-trained and professional claims representatives in the country.

**Q: Organizations that offer claims assistance for free do not have enough people to serve all the veterans who need it. Aren't these companies filling a gap?**

**A:** This claim is also untrue. The VFW alone has more than two thousand accredited representatives and they helped tens of thousands of veterans receive more than ten billion dollars in VA benefits last year. No private company that charges fees even comes close to those numbers.

**Q: Why are penalties necessary?**

**A:** Consultants who refuse to adhere to VA's well-established standards of accreditation and fee arrangements should be subject to penalties in the same manner as accredited representatives. This is a much-needed protection to deter bad actors and protect veterans' earned benefits.

**Q: Why were penalties removed in the first place?**

**A:** Penalties were removed to allow accredited attorneys and agents to charge certain fees for their services. The unintended consequence was that this opened the door to unaccredited, predatory consultants to operate illegally without penalty. We must reinstate these penalties.