

Message from Special Master Sheila Birnbaum - Update on VCF Reauthorization -May 24, 2016

Dear Friends,

I am very happy to report to you today that we have paid over \$1 billion dollars to claimants since the VCF reopened in 2011. This includes all payments made to date – either partial or in full – on Group A claims. I am tremendously proud of the VCF team for reaching this milestone, and deeply touched by the calls and letters we have received from claimants expressing their appreciation for the VCF’s efforts.

As of the end of the day on May 22, we have authorized the final payment on 8,717 Group A claims. This means we have authorized full payment on all Group A claims except those where we encountered issues preventing payment. We are working with claimants to resolve any issues preventing payment as quickly as possible. Our partners in the Department of Justice (“DOJ”) and Treasury Department continue to be very supportive in moving payments through the required steps as quickly as possible to facilitate the actual payments to claimants.

Below is an update on the key activities we have been focused on since the reauthorization and a preview of what you can expect over the next few months. We have also updated the reauthorization [timeline](#) on our website.

Group A Payments

- As noted above, we have authorized full payment on all Group A claims except those where we encountered issues preventing payment. Our team is focused on these remaining claims and we are working with claimants and their representatives to resolve the open issues so payment can be made as quickly as possible. These issues include PI claims where the claimant has since passed away and we do not have a verified Personal Representative, claims with missing documents that are required in order to make the payment (such as ACH information forms), and a small number of claims that are still in the appeals process.
- Because all Group A payments must be made before we can use the existing funds to pay Group B claims, it is very important that we complete VCF activity on the Group A payments within our original timeline. If at the end of June we still have claims with unresolved issues that prevent us from making the actual payment, we will authorize the payment amount on the claim and the DOJ accounting office will place the funds into an account from which the future payment can be made. This allows us to authorize all Group A payments and reconcile the accounting of Group A funding, and confirm the availability of Group B funds. We will continue to work closely with claimants to resolve the open issues until the actual payment is made on their claim.

Group B Claims

- We continue to review claims and contact claimants to request missing information, when needed, and have rendered over 2,050 Eligibility decisions since the beginning of January.
- Our team is reviewing compensation claims and contacting claimants for any missing information. We have completed the preliminary loss calculations for almost 1,000 claims and continue to send “Group B Complete” letters to claimants to inform them their claim has been reviewed. Our original goal was to review the majority of Group B claims that were submitted prior to the reauthorization and be ready for a determination to be entered when the final regulations take effect. However, as I have shared with you in earlier messages, we moved virtually all of our claim reviewers to focus on Group A payments over the past few months and as a result, we have not reviewed as many Group B claims as originally planned. This shift in responsibilities and prioritizing of Group A payments was the only way for us to finish Group A – which is a requirement in order for Group B funding to become available – as quickly as possible.
- *We expect to begin rendering the first Group B loss determinations at the end of June, with the expectation that the first payments will be authorized in mid-August. This is earlier than our original timeline that showed beginning the payments in September.* Again, this is contingent on finalizing the accounting for Group A payments and the subsequent availability of Group B funding.

Policies, Procedures, Updated Regulations, and Claim Forms

- **Updated Regulations:** We are in the final stages of Government review of the draft updated regulations and expect to issue an Interim Final Rule effective on the statutory deadline of June 15 – though we still hope to publish the regulation before then. Because most of the revisions being made to the regulations are required by the statute reauthorizing the VCF, we have determined that pre-publication notice and comment is not required. Instead, the regulation will be issued as an Interim Final Rule subject to a 30-day post-publication notice and comment period that will begin on June 15 and end on July 15. This allows us to begin issuing Group B compensation determinations as soon as Group B funding becomes available, while still allowing me to carefully consider any comments received post-publication and make any necessary changes before issuing a Final Rule.
- **Updated Claim Form:** We sought input from law firms who represent a large number of claimants and are familiar with the forms and incorporated their suggestions and feedback into the updated form. The draft updated claim form was submitted to the Office of Management and Budget (“OMB”) and we are awaiting their review and approval. The public comment period ended on May 9 and our understanding is that no comments were received. In anticipation of the form being approved, we have started design and development of the online claim form and are finalizing the format of the hard copy version. We plan to post a sample of the claim form to our website on June 15 so that claimants and their representatives can become familiar with the new form and begin gathering the information and documents that will be needed once we begin accepting new claims.

We have set an aggressive schedule for developing the online claim form and our current plan is for the online form to be available the last week of July. In connection with the development of the online form, we are also updating the technology and security of the claimant portal – actions that are necessary to remain in compliance. These updates account for a significant amount of the time required to make the online form available. Once the new form is released, the claims system will return to full functionality.

We have decided to wait to release the hard copy claim form at the same time as the online claim form for several reasons, including: (1) we need time to finish the changes that are needed to the system used to process the hard copy forms; and (2) by rolling the forms out at the same time, it minimizes the potential for confusion in our communications.

- **Policies and Procedures:** We are reviewing all of our Frequently Asked Questions (“FAQs”) and other website content to be sure it reflects the reauthorization and the changes associated with Group B claims processing. *On June 15, we will post new information to our website*, and will make available once again some of the information that was removed immediately after the reauthorization. We will then follow up with a second round of updates in late July when the new claim forms are released.

The past several months have been challenging but extremely rewarding as our team put forth tremendous effort to change course from focusing on the shutdown of the program to a reauthorized program and the changes the new statute requires. We also moved our entire operation to new offices – which had been planned for late 2015 but was delayed (due to forces outside our control) into the post-reauthorization period. During this time, we remained focused on our mission and our goal of timely paying our claimants.

As always, I encourage you to call the VCF Helpline at 1-855-885-1555 with any questions you may have. For the hearing impaired, please call 1-855-885-1558 (TDD). If you are calling from outside the United States, please call 1-202-514-1100.

Yours,
Sheila Birnbaum