



DEFENSE FINANCE AND ACCOUNTING SERVICE
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MAY 23 2006

DFAS-NP

MEMORANDUM FOR DIRECTOR, ACCOUNTING AND FINANCE POLICY AND
ANALYSIS, OFFICE OF THE UNDER SECRETARY OF
DEFENSE (COMPTROLLER)
DIRECTOR, FINANCE, DEFENSE FINANCE AND ACCOUNTING
SERVICE

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation
("DoDFMR"), Volume 7B, Regarding Combat-Related Special Compensation
(CRSC) (DFAS Item M-31)

Attached is Interim Change **R01-06** to Volume 7B, Chapter 63 of the "DoDFMR." This change incorporates a new Chapter, 63, Combat-Related Special Compensation (CRSC), which introduces an additional compensation for certain disabled Uniformed Service Retirees with combat-related disabilities who are also receiving disability compensation from the Department of Veterans Affairs (VA).

Assignment of the interim change number is authority for the Director of Finance to initiate a procedural modification to implement this change. This office requests that the Director for Accounting and Finance Policy and Analysis post a copy of this interim change to the "DoDFMR" web site.

A handwritten signature in cursive script that reads "Lydia Moschkin".

Lydia Moschkin
Director, Policy and Performance
Management

Attachment:
As stated

cc:
DFAS-AMO (Pat McGriff)
DFAS-DGM/CL
DFAS-PDO/CL (William Tyminski)
DoD-DHRA/OGC
ODUSD (MPP) (Comp)
Service Liaisons
USCG/NOAA/PHS Liaisons

COMBAT-RELATED SPECIAL COMPENSATION**1. Add to the Table of Contents:****63 COMBAT-RELATED SPECIAL COMPENSATION****2. Add the following to the EXPANDED TABLE OF CONTENTS**

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6303	Entitlement
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3. Add Tab A as the new Chapter 63.

**SUMMARY OF MAJOR CHANGES TO
DOD 7000.14-R, VOLUME 7B, CHAPTER 63
“COMBAT-RELATED SPECIAL COMPENSATION”**

**Substantive revisions are denoted by a ★ preceding the section, paragraph, table
or figure that includes the revision**

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	EFFECTIVE DATE
	This interim change adds the new entitlement – Combat Related Special Compensation.	May 31, 2003

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CHAPTER 63

COMBAT-RELATED SPECIAL COMPENSATION6301 GENERAL

630101. Background. Public Law 107-314, section 636, December 2, 2002, added a new section 1413a to Title 10, United States Code (USC) that provides Combat-Related Special Compensation (CRSC) for certain disabled Uniformed Service Retirees. Public Law 108-136, section 642, November 24, 2003, extended eligibility for CRSC to disabilities rated below 60 percent. CRSC provides compensation to certain retired members with combat-related disabilities that qualify under the criteria set forth below.

630102. Effective Date. The CRSC program became effective May 31, 2003. For a member who qualifies on that date, compensation accrues beginning in June 2003. For an eligible member whose disability percentage is less than 60, compensation is effective January 1, 2004. Payments are made on the first business day of the first month following the month in which the compensation accrued provided the member is receiving Department of Veterans Affairs (VA) compensation for a disability that has been determined to be combat-related. No CRSC is payable for any month prior to June 2003. For member who did not meet the qualifications on either June 1, 2003, or January 1, 2004, but who later meets the qualifications, entitlement accrues the first day of the following month.

630103. Funding and Payment. CRSC is not military retired pay. It is a monthly entitlement that is to be paid only in whole month increments. Prior to October 1, 2003, CRSC was payable from funds appropriated for pay and allowances payable by the Secretary of the Military Department concerned for that fiscal year. Effective October 1, 2003, the source of funding is the Department of Defense Military Retirement Fund (MRF).

630104. Relationship to Other Provisions. Since CRSC is not retired pay, it is not subject to the provisions of section 1408, title 10, United States Code, relating to payment of retired or retainer pay in compliance with court orders. CRSC is also not subject to any survivor benefit provisions of chapter 73 of title 10, United States Code. However, CRSC is subject to a Treasury offset to recover a debt owed to the United States as well as to garnishment for child support or alimony. In addition, debts due the Government may be collected from CRSC, including overpayments of retired pay or erroneous payments of CRSC, by means of an administrative offset. An administrative offset of CRSC to collect a debt due the Government is subject to the due process requirements of 31 U.S.C. 3716 and 31 C.F.R. Part 901. Claims for overpayments of CRSC may be considered for waiver in accordance with 10 U.S.C. 2774. Finally, CRSC payments are not subject to Chapter 13 Bankruptcy Court orders to pay a Chapter 13 Trustee.

630105. Tax Consideration. CRSC payments are considered tax exempt from federal income tax under provisions of 26 U.S.C. 104.

6302 DETERMINATIONS OF COMBAT-RELATEDNESS

The following criteria, terms, definitions, explanations will apply to making combat-related determinations in the CRSC Program.

630201. Direct Result of Armed Conflict

A. The disability is a disease or injury incurred in the line of duty as a direct result of armed conflict. The fact that a member incurred the disability during a period of war or an area of armed conflict or while participating in combat operations is not sufficient to support a combat-related determination. There must be a definite causal relationship between the armed conflict and the resulting disability.

B. Armed conflict includes a war, expedition, occupation of an area or territory, battle, skirmish, raid, invasion, rebellion, insurrection, guerilla action, riot, or any other action in which Service members are engaged with a hostile or belligerent nation, faction, force, or terrorists.

C. Armed conflict may also include such situations as incidents involving a member while interned as a prisoner of war or while detained against his or her will in custody of a hostile or belligerent force, or while escaping or attempting to escape from such confinement, prisoner of war, or detained status.

630202. While Engaged in Hazardous Service. Such service includes, but is not limited to, aerial flight, parachute duty, demolition duty, experimental stress duty, and diving duty. A finding that a disability is the result of such hazardous service requires that the injury or disease be the direct result of actions taken in the performance of such service. Travel to and from such service, or actions incidental to a normal duty status not considered hazardous are not included.

630203. In the Performance of Duty Under Conditions Simulating War. In general this covers disabilities resulting from military training, such as war games, practice alerts, tactical exercises, airborne operations, leadership reaction courses, grenade and live fire weapon practice, bayonet training, hand-to-hand combat training, repelling, and negotiation of combat confidence and obstacle courses. It does not include physical training activities such as calisthenics and jogging or formation running and supervised sport activities.

630204. Instrumentality of War

A. Incurrence during an actual period of war is not required. However, there must be a direct causal relationship between the instrumentality of war and the disability. The disability must be incurred incident to a hazard or risk of the service.

B. An instrumentality of war is a vehicle, vessel, or device designed primarily for Military Service and intended for use in such Service at the time of the occurrence

or injury. It may also include such instrumentality not designed primarily for Military Service if use of or occurrence involving such instrumentality subjects the individual to a hazard peculiar to Military Service. Such use or occurrence differs from the use or occurrence under similar circumstances in civilian pursuits.

C. A determination that a disability is the result of an instrumentality of war may be made if the disability was incurred in any period of service as a result of such diverse causes as wounds caused by a military weapon, accidents involving a military combat vehicle, injury or sickness caused by fumes, gases, or explosion of military ordnance, vehicles, or material.

D. For example, if a member is on a field exercise, and is engaged in a sporting activity and falls and strikes an armored vehicle, the injury will not be considered to result from the instrumentality of war (armored vehicle) because it was the sporting activity that was the cause of the injury, not the vehicle. On the other hand, if the individual was engaged in the same sporting activity and the armored vehicle struck the member, the injury would be considered the result of an instrumentality of war.

6303. ENTITLEMENT

630301. CRSC is a monthly entitlement and is to be paid only in whole month increments. A member must file an application with the Military Department from which the member retired to determine entitlement. A retiree is entitled to CRSC for each month during which, for the entire month, the member:

- A. Has applied for and elected CRSC under these provisions (Section 6304),
- B. Meets Preliminary CRSC Criteria (Section 6305), and
- C. Meets Final CRSC Criteria (Section 6306) – (that is, has a combat-related disability or disabilities).

6304. APPLICATION AND ELECTION

630401. Application and Election. A member may not be paid CSRC unless he/she has applied for and elected to receive compensation under the CRSC program by filing an application (DD Form 2860) with the Military Department from which he/she retired. A member may submit an application for CRSC at any time and, if otherwise qualified for CRSC, compensation will be paid for any month after May 2003 for which all conditions of eligibility were met.

630402. Election of Special Compensation for Severely Disabled (SCSD). Benefits under section 1413 of title 10, U.S.C. were repealed effective January 1, 2004. However, for periods before that date, the law required that a member eligible for both CRSC under title 10, U.S.C. 1413a and SCSD (previously under 10 U.S.C. 1413), may not receive both. A member's election will be made as part of the CRSC application process. The member can

allow the DFAS Cleveland Site to elect on his/her behalf the greater of the two payments. CRSC payments made pursuant to such an election will be adjusted for amounts previously paid as SCSD.

630403. Election of CRSC or Concurrent Retirement and Disability Payments (CRDP). The law requires that a member eligible for both CRSC under section 1413a of title 10, U.S.C. Concurrent Retirement and Disability Payments under section 1414 of title 10, U.S.C., may not receive both but must elect which compensation to receive. DFAS Cleveland Site will advise the member which of the two payments is being paid pursuant to such election. Also, DFAS Cleveland Site will provide further notice in the event the amounts payable under either program causes this election to be changed. The member will have one opportunity annually to reverse the current election. This will allow the member to assess the impact of annual adjustments to retired pay, VA disability compensation, CRSC, and CRDP. DFAS Cleveland will advise members of their options and the procedures to effect such elections.

6305. PRELIMINARY CRITERIA

A retired member of the Uniformed Services who meets each of the four following conditions will be considered to meet the Preliminary Criteria of CRSC.

630501. Has 20 Years of Service

A. Years of Service for Percentage Multiplier. A retired member must have 20 or more years of service for the purpose of computing retired pay. The 20 years of service required for computing retired pay may be inferred from the retired pay multiplier. Thus, a member who retired for years of service (not for disability under chapter 61 of title 10 U.S.C.) who has a retired pay multiplier of not less than 50 percent, or a member retired under REDUX who is still under age 62 with a retired pay multiplier of not less than 40 percent, may be presumed to have at least 20 years of service for retired pay computation purposes. A member who retired under chapter 61 of title 10 U.S.C. should be evaluated in terms of what the multiplier would be if the member had not retired for disability.

B. Temporary Early Retirement Authority (TERA). A member retired under the provisions of section 4403 of Public Law 102-484, October 23, 1992, (commonly known as TERA program) are generally not eligible unless the member is credited with sufficient service for a 50 percent multiplier or has been recalled to active duty long enough to accumulate 20 years or more of service in the Uniformed Services for the purpose of computing retired pay. Service in Public and Community Service (PACS) positions creditable for recomputation of retired pay at age 62 does not count for these purposes. A TERA retiree with a 50 percent multiplier who has a retired pay increase of 10 percent granted on the basis of extraordinary heroism is not eligible under these provisions.

C. Retired Reservist. Prior to January 1, 2004, a Retired Reservist had to have at least 7200 points to be eligible for CRSC. Effective January 1, 2004, a Retired Reservist with retired pay computed under 10 U.S.C. 12731 is eligible for CRSC unless retired for disability under 10 U.S.C. 12731b with more than 15 but less than 20 years as required under

10 U.S.C. 12731(a)(2). Specifically, those retired under the Reserve TERA provisions as prescribed in 10 U.S.C. 12731a, who served fewer than 20 years but were considered to meet criteria of 10 U.S.C. 12731(a)(2) are eligible under these provisions.

630502. Retired Status. A member must be in a retired status (i.e., on the retired rolls), or have been transferred to the Fleet Reserve or Fleet Marine Corps Reserve. A member who is recalled to, or retained on, active duty is not in a retired status and therefore not entitled to CRSC for such period of active duty.

630503. Entitled to Retired Pay

A. A member must be entitled to retired pay, notwithstanding that such retired pay may be reduced due to receipt of VA disability compensation.

B. A member who waives retired pay in order to credit military service for the purposes of a civil service retirement, or for any reason other than to receive disability compensation from the VA, is **not** eligible to receive CRSC payments.

1. If the military service was used to gain title to the civil service retirement, the member may not revoke the waiver in order to receive the CRSC payments.

2. If the military service was used to increase the civil service retirement and not gain title, the waiver may be revoked in order to receive the CRSC payments. However, notification and approval of the Office of Personnel Management is required.

C. A reservist who is not yet age 60, and therefore, not entitled to retired pay, is **not** eligible to receive CRSC payments.

630504. Has Qualifying Disability Ratings (percentages).

A. A member must be entitled to compensation for service-connected disabilities under title 38 U.S.C., as rated by the VA.

B. Disability ratings by the Secretary of the Military Department, as of the date on which the member retired, may be used to help make determinations of whether the member meets Preliminary CRSC criteria. The actual computation of the amount of CRSC payable to an eligible retiree is based solely on VA disability determinations and the amount of VA compensation paid, without regard to any disability that is not combat-related. Military retirement decisions may be used to determine whether such disabilities are combat-related.

6306. FINAL CRITERIA

In order for the member to be entitled to CRSC, the member must meet all four Preliminary Criteria as prescribed in section paragraphs 630501 through 630504 above, and the appropriate Service must determine that the member has a combat-related disability or disabilities, as defined below, that are compensated by the VA.

630601. Purple Heart Disability

A. Purple Heart Disability is a disability with an assigned medical diagnosis code from the VA Schedule for Rating Disability (VASRD) that was attributed to injuries for which the member was awarded a Purple Heart.

B. If the member meets the Preliminary CRSC Criteria and has been awarded a Purple Heart, the Military Department must determine which disabilities of the member, if any, are attributed to Purple Heart injuries. If the member was not awarded a Purple Heart, no such determination will be made.

C. Determination that a disability is a Purple Heart Disability requires documentary information that there is a sufficient causal relationship between the disability and injury for which a Purple Heart was awarded to conclude that the disability is attributable to such injury. Such a disability will be classified as a Purple Heart Disability and will also be included in any other CRSC determinations based on combat-related disabilities. With respect to an application of a retiree who meets Preliminary CRSC Criteria and who was awarded the Purple Heart, the Military Department will record whether or not each disability rated by the VA is or is not attributable to an injury for which the member was awarded the Purple Heart.

630602. Other Combat-Related Disabilities. A combat-related disability is a disability with an assigned medical diagnosis code from VASRD that was incurred. The Military Departments will determine whether a disability is combat-related based on the following criteria:

- A. As a direct result of armed conflict,
- B. While engaged in hazardous service,
- C. In the performance of duty under conditions simulating war, or
- D. Through an instrumentality of war.

The Department shall record for each disability determined to be combat-related which of the circumstances provided above qualifies the disability as combat-related. A determination of combat-relatedness (see section 6302) will be made with respect to each separate disability with an assigned medical diagnosis code from the VASRD. A retiree may have disabilities that are not combat-related. Such disabilities will not be considered in determining eligibility for CRSC or the amount of CRSC payable. An uncorroborated statement in a record that a disability is combat-related will not, by itself, be considered determinative for purposes of meeting the combat-related standards for CRSC prescribed herein. CRSC determinations must be made on the basis of the program criteria.

6307 SPECIAL MONTHLY COMPENSATION (SMC)

630701. General. SMC under 38 U.S.C.1114, is payable for service connected disabilities caused by each anatomical loss or loss of use of specific organs or parts of the body. SMC is payable in addition to the basic rate of compensation otherwise payable on the basis of degree of disability, provided that the combined rate of compensation does not exceed the monthly rate set forth in 38 U.S.C., 1114(k).

630702. Special Determination. Each Military Department will make a special determination regarding any member determined to have combat-related disabilities under the CRSC program who also receives SMC from the VA under title 38 U.S.C. section 1114(k) through (s). For members whose CRSC compensation could be increased as a result of an SMC determination, the Military Department will first determine whether all their VA compensated disabilities have been determined to be combat-related disabilities under the CRSC program. For members with VA compensated disabilities that are both combat-related and not combat-related, the Military Department will classify each award of SMC as either Combat-Related Special Monthly Compensation (CR-SMC) or not (NonCR-SMC) consistent with the corresponding determination of the diagnostic codes on which the SMC is based. DFAS-Cleveland Site will be notified of all such determinations. However, if the Military Department is unable to make a combat-related determination on SMC, a copy of the claim will be forwarded to the Director of Compensation, OUSD(P&R)(MPP), along with a statement of the combat-related determinations made with respect to such member's disabilities. The Director of Compensation will determine the combat-relatedness of the SMC and will notify the appropriate Military Department and DFAS Cleveland Site accordingly. DFAS Cleveland Site will include any CR-SMC in CRSC computations.

630703. Grades Not Requiring SMC Determinations. The Military Department need not make a combat-related determination for any member who would not receive added compensation even if SMC was determined to be combat-related. For instance, if a member has been determined to have a CRSC rating of 100 percent but has a retired pay entitlement of less than \$2,000, there will be no added benefit from any SMC under the CRSC program and there is no need to make a determination. The amount of retired pay already restored under the CRSC compared to the member's maximum retired pay entitlement is conclusive in this instance. Any SMC on such member will be passed to DFAS as "undetermined combat-relatedness" (U-SMC). Such members include those who have fewer years of service than the amount indicated for their retired grade according to the following table if rated as 100 percent combat-related. The Director of Compensation, (ODUSD(MPP)) may issue changes to these grades and years of service combinations to better reflect known retired pay thresholds that would normally exclude members from any additional CRSC entitlement. Any member whose SMC is undetermined as a result of this screening, but who is later found to have the potential for added compensation under the CRSC program would have his/her SMC reevaluated for combat-relatedness by the Military Department.

**Table of Grade and Years of Service
Not Requiring SMC Determinations**

E-6 and Below with 30 yrs.	W-1 with 26 yrs.	O-1 with 30 yrs
E-7 with 24 yrs.	W-2 with 23 yrs.	O-2 with 26 yrs.
E-8 with 22 yrs.	W-3 with 21 yrs.	
E-9 with 21 yrs..		

6308 CRSC AMOUNT

The monthly amount of CRSC is equal to the full monthly amount prescribed in paragraph 630801, reduced as prescribed in paragraph 630802 and limited in accordance with paragraph 630803 below.

630801. Full Monthly Amount. The monthly amount of disability compensation the member would be paid by the VA under the provisions of title 38, U.S.C. if compensated solely for the disabilities determined to be attributable to an injury for which the member received the Purple Heart or determined to be otherwise combat-related. See Section 6306 above. Applicable compensation is set forth in chapter 11 of title 38, United States Code.

Example: A member with a spouse and two children has qualifying combat-related disabilities rated at 100 percent by the VA. The member's current monthly VA benefit amount is \$2,694 – the prescribed rate for a 100 percent disability for a veteran with a spouse and two children as of December 1, 2005. The full monthly amount for CRSC purposes is based on this full rate and not just the veteran alone amounts as applied to CRSC for periods on or after January 1, 2004. Thus, the CRSC full monthly amount is \$2,694 as long as this amount does not exceed the lesser of the retired pay entitlement based solely upon years of service or the amount of the current reduction in retired pay required by title 38, U.S.C., in accordance with paragraph 630803 below.

A. Compensation of Dependents. Additional compensation for dependents is to be included as part of any applicable CRSC compensation. DFAS will use the same dependency rates for the combat-related compensation as the VA uses to determine the member's full disability compensation. For example, if a member is compensated by the VA at the 100 percent disability rate for a veteran with spouse and one child and the combat-related percentage is 60 percent, the CRSC will be determined as the 60 percent rate for a veteran with a spouse and one child. The rates of such compensation are set forth in section 1115 of title 38, United States Code.

B. Special Monthly Compensation (SMC). The amount of SMC will be considered as part of CRSC compensation only if the SMC is paid on the basis of disabilities determined by the Military Department to be combat-related. See Section 6307.

C. Retired Members Considered Unemployable (IU). DFAS shall establish a process in coordination with the VA to ascertain whether a member is compensated by the VA under section 1114(j) of title 38, U.S.C., by virtue of such rating (IU) on the basis of being unemployable under the provisions of 38 CFR 4.16 or 4.18 for any member whose current combined combat-related disability percentage is 60 percent or greater. Such member shall be given a combined CRSC disability rated as total or 100 percent.

630802. Reduction for Chapter 61 Retirees. The full monthly amount specified in paragraph 630801 above will be reduced by the amount by which a member's current retired pay under chapter 61, of title 10 U.S.C., exceeds the amount of retired pay the member would receive if retired under any other provision of law based on service in the Uniformed Services.

Example: The same member as described in 630801, retired after 22 years of service with high-three basic pay of \$3,000 and has been determined to have a qualifying combat-related disability rated at 100 percent by the VA. However, the member was retired under chapter 61 with a disability rated at 60 percent. Thus, the member receives retired pay of \$1,800 monthly (60% of \$3,000). Had this member retired under longevity provisions with 22 years of service, the retired pay would have been \$1,650 monthly (55% of \$3,000). The member's CRSC payment will be reduced by the difference in these two amounts, or \$150 (\$1,800 less \$1,650). This reduction reflects the amount by which his disability retired pay exceeds his longevity retired pay. The member's potential CRSC benefit would now be reduced by \$150 from \$2,694 as determined under the example in paragraph 630801 to \$2,544 under this example .

Note: A retired Reserve member who was retired under the provisions of chapter 61 with fewer than 20 years of active service but who would be qualified for retired pay under chapter 1223 of title 10 U.S.C. upon attainment of age 60, cannot receive CRSC prior to age 60. CRSC benefits may begin at 60 years of age, but will be reduced under this paragraph by the amount that the disability retired pay exceeds what the member's reserve retired pay would have been if paid under chapter 1223.

630803. Maximum Amount. The maximum CRSC payment may not exceed the current reduction in retired pay applicable to the retiree under sections 5304 and 5305 of title 38, U.S.C. Thus, CRSC is not payable if there is no reduction under sections 5304 and 5305 because the member is not receiving any monthly disability compensation from the VA, or because the member is not receiving retired pay for other reasons (such as a member who waives military retired pay in order to credit military service for a civil service retirement). The final amount of a member's CRSC entitlement plus any amount of retired pay not offset under sections 5304 and 5305 of title 38, U.S.C. cannot be greater than the member's full retired pay entitlement.

Example: Consider the same member described in the examples in paragraphs 630801 and 630802. The potential CRSC Full Amount of \$2,694 determined in the example in paragraph 630801 has been reduced by \$150 under the example in paragraph 630802 to \$2,544. However, the maximum CRSC payment is limited to the lesser of the member's longevity retired pay entitlement or the amount of the member's retired pay that is offset due to receipt of VA disability compensation. This member's entire retired pay of \$1,800 is fully reduced by receipt of VA disability compensation in the amount of \$2694. Because the member's retired pay

entitlement based upon years of service (longevity) is only \$1,650, that is the maximum amount of CRSC that the member can be paid.

6309. COMBINED DISABILITY RATING PERCENTAGE

630901. The VA Combined Ratings Table. This table is used to combine multiple disability ratings as set forth in 38 CFR 4.25. The table is based on the consideration of an individual's efficiency, as affected by the most disabling conditions, if any, in the order of severity. Thus, a person having a 60 percent disability is considered 40 percent efficient. Proceeding from this 40 percent efficiency, the effect of a further 30 percent disability is to leave only 70 percent of the efficiency remaining after consideration of the first disability (70% of 40%) leaving 28 percent efficiency altogether. The individual is thus 72 percent disabled.

630902. Multiple Combined Disability Ratings. When two or more disabilities are combined, use the formula below to determine the combined rating of multiple disabilities:

- A. Subtract each disability percent from 100 percent to obtain the remaining efficiency,
- B. Multiply the remaining efficiencies together,
- C. Subtract the result from 100 percent, and
- D. Round to the nearest 10 percent, round upward for 5 percent and up, down for 4 percent and below to determine the combined disability rating.

Example 1. Consider a retiree having three disabilities from VA, rated 50 percent, 40 percent and 30 percent. If added together, the total would be 120 percent. Instead, the member's combined rating is determined as follows:

1. The three disabilities leave efficiencies of 50%, 60%, and 70% respectively;
2. Multiply the three remaining efficiencies together: $.50 \times .60 \times .70 = .21$ or 21%;
3. The disability is 100% less 21% = 79%;
4. Adjust this result upward to a combined disability rating of 80%.

Example 2. Now consider what happens if the Military Department determines that only the 40% and 30% disabilities are combat-related, then the member's combined disability rating for CRSC would be:

1. The two disabilities of 40% and 30% leave efficiencies of 60% and 70%,
2. Multiplied 60% and 70% = 42%

3. The disability is 100% less 42% = 58%
4. Adjust the result upward to 60% combined disability rating.

630903. VA Retroactive Increase. When the VA makes a retroactive increase in a member's VA disability compensation pertinent to a member's combat-related disabilities under CRSC, DFAS and the VA will exchange data to determine the additional retroactive amount that the member is entitled to receive as the result of CRSC. DFAS will compute the additional entitlement and advise the VA in order for the VA to pay the member the appropriate additional authorized VA disability compensation. Any increase affecting CRSC qualified disabilities in the current month requires that CRSC be recomputed.

6310 REVIEW PROCESS

631001. Basis for Determination

A. Determinations of whether a disability is combat-related will be based on the preponderance of available documentary information where quality of information is more important than quantity. All relevant documentary information is to be weighed in relation to known facts and circumstances, and determinations will be made on the basis of credible, objective documentary information in the records as distinguished from personal opinion, speculation, or conjecture.

B. The burden of proof that a disability is combat-related rests with the applicant and the member is required to provide copies of documents in his/her possession to the best of his/her ability. A record submitted by a member may be used in support of his/her application if that record appears regular on its face and is consistent with Military Service documents and procedures in use at the time, based on the best information available. Military departments may compile a list of typical documents used in various time periods. If necessary, the Military Departments, under agreement with the VA may request copies of certain documents (i.e., DD 214, medical records, final VA ratings, etc.) from the VA to support CRSC determinations.

631002. Processing of Applications. Each Military Department will receive and process CRSC applications (DD Form 2860) submitted by members retired from that Military Department. Applications will be reviewed, and an application will be approved only if the applicant satisfies both Preliminary and Final CRSC criteria. DFAS Cleveland Site will be notified of each approved application for payment.

A. Initial Review. Each Service Department will review the member's application to determine if the member meets the Preliminary criteria above. If a member does not satisfy each of the Preliminary CRSC Criteria, the application will be denied and no further consideration is necessary. The member may reapply at such time as his/her ratings satisfy the specified thresholds and meet all four Preliminary CRSC Criteria above.

B. Final Review. If the member meets all four Preliminary Criteria above, the Military Department will determine whether the member's disabilities are qualifying combat-related disabilities as prescribed in section 6306. The Military Department shall record each disability determined to be combat-related with assigned medical diagnosis code from the VA Schedule for Rating Disabilities (VASRD). The Military Department will forward approved claims with VASRD codes categorized as either combat or Purple Heart to the DFAS Cleveland Site for payment.

631003. Denial and Appeals. When a Military Department denies a CRSC application, they will provide a letter to the member specifying the reasons(s) for the denial. The Military Department will inform the member that he/she may seek reconsideration by submitting additional, clarifying, or new documentary information to the Military Department in support of his/her claim. The Military Department will review the additional or new information and will inform the member of the results of the review. The Military Department will also inform the member that CRSC is subject to the same appeals and correction processes applicable to military pay and allowances, including application to the appropriate Board for Correction of Military Records (BCMR) under the provisions of 10 U.S.C. 1552. The Military Department will provide the member a DD Form 149, Application for Correction of Military Records and the address of the BCMR, including its website. In considering an application where the issue of whether a disability is combat-related for the purposes of CRSC, the BCMR will seek an advisory opinion from the Director of Compensation, Office of the Deputy Under Secretary of Defense (Military Personnel Policy), and comply with the requirements of 10 U.S.C. 1556. The BCMR will provide the Director of Compensation a copy of any final decision concerning any application involving a determination as to whether a disability is combat-related.

CHAPTER 63 — COMBAT-RELATED SPECIAL COMPENSATION

6301 — GENERAL

Public Law 107-314, section 636,
December 2, 2002

Public Law 108-136, section 642,
November 24, 2003

PDUSD (P&R) Directive Type Memorandum,
May 21, 2003

PDUSD (P&R) Directive Type Memorandum,
April 27, 2004

630104

DoD, OGC (Fiscal) Deputy General Counsel
Memorandum for DOHA, August 25, 2005