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January 18, 2006

The Honorable John Warner
Chairman
The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Larry E. Craig
Chairman
The Honorable Daniel K. Akaka
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate

The Honorable Duncan Hunter
Chairman
The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

The Honorable Steve Buyer
Chairman
The Honorable Lane Evans
Ranking Minority Member
Committee on Veterans' Affairs
House of Representatives

Subject: *Department of Veterans Affairs: Traumatic Injury Protection Rider to Servicemembers' Group Life Insurance*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Veterans Affairs (VA), entitled "Traumatic Injury Protection Rider to Servicemembers' Group Life Insurance" (RIN: 2900-AM36). We received the rule on January 3, 2006. It was published in the Federal Register as an interim final rule on December 22, 2005. 70 Fed. Reg. 75940.

The interim final rule establishes an automatic traumatic injury protection rider provision to Servicemembers' Group Life Insurance providing automatic insurance for any insured who sustains a serious traumatic injury. The rule specifies the losses for which the traumatic injury benefit will be paid and the amount of the benefit payable for each loss.

Enclosed is our assessment of the VA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the VA complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is Marjorie Kanof, Managing Director, Health Care. Ms. Kanof can be reached at (202) 512-7101.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Robert C. McFetridge
Director, Regulations Management
Office of Regulation Policy & Management
Department of Veterans Affairs

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF VETERANS AFFAIRS
ENTITLED
"TRAUMATIC INJURY PROTECTION RIDER TO
SERVICEMEMBERS' GROUP LIFE INSURANCE"
(RIN: 2900-AM36)

(i) Cost-benefit analysis

The VA estimates that the program will cost \$485 million through fiscal year 2006. The funds are to be paid by the Department of Defense, less the premiums paid by the members, to the VA under the provisions of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (Public Law 109-13), which established the program.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The Secretary of Veterans Affairs has certified that the interim final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The interim final rule does not contain either an intergovernmental or private sector mandate, as defined in title II, of more than \$100 million in any one year.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

The Secretary has found "good cause" under 5 U.S.C. 553(b)(3)(B) to forego public comment because the insurance rider is effective on December 1, 2005, and service members and their families need the payment provided by the program as soon as possible to reduce the financial burden following a traumatic injury.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The interim final rule contains information collections that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act. The VA has submitted the required information to OMB for review and has requested approval on an emergency basis by January 23, 2006.

Statutory authorization for the rule

The interim final rule is promulgated pursuant to the provisions of 38 U.S.C. 501 and 1965-1980A.

Executive Order No. 12866

The interim final rule was reviewed by OMB and found to be an “economically significant” regulatory action under the order.