PRE-DECISIONAL

Office of Administrative Review

Barry SMC Interim Guidance and Procedures

May 2026

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Interim Guidance for Special Monthly Compensation Affected by *Barry v. McDonough* for Decision Review Operations Centers

Background:
In *Barry v. McDonough*, No. 22-1747 (Fed. Cir. May 16, 2024), the U.S. Court of Appeals for the Federal Circuit held that claimants may be entitled to multiple half-step considerations for additional, independent disabilities rated at 50 percent or more for special monthly compensation (SMC) determinations.

To ensure compliance with this decision, the SMC calculator must be updated to incorporate these new considerations. In the interim, the following guidance must be followed by Decision Review Operations Center (DROC) Rating Veterans Service Representatives (RVSR) and Decision Review Officers (DRO) when reviewing claims potentially impacted by *Barry*.

Implementation Plan:
The Seattle Decision Review Operations Center (DROC) initially served as the primary processing site for *Barry*-related SMC claims. This centralized approach allowed OAR to closely monitor and analyze the types of claims affected by the *Barry* decision. Now that this initial phase has been completed, OAR presented training for Subject Matter Experts (SMEs) at the St. Petersburg and Washington, D.C. DROC sites and St. Paul Restricted Access Claims Center (RACC).

This training equipped the DROCs and St. Paul RACC to accurately and consistently process *Barry*-related SMC claims. The guidance below provides interim instructions necessary to adjudicate *Barry* SMC claims while the SMC Calculator is being updated. It is critical that all affected claims are properly identified in VBMS using the appropriate indicators (e.g., claim notes and special issue) for ease of identification and to alert subsequent claims processors that the claim is impacted by *Barry*. Accurate identification ensures consistent handling, effective case management, and supports data collection for training and oversight.

While specific guidance has been issued for reviewing claims impacted by *Barry*, standard claims processing procedures for HLRs, AMA grants and remands, and legacy appeals continue to apply, even when a claim is identified as potentially *Barry*-related. The *Barry* review provides direction for identifying SMC implications, but it does not replace or override the established steps for adjudicating and processing claims. Outside of exceptions due to *Barry*, all standard development, authorization, and procedural requirements must still be followed to ensure accuracy and consistency.

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Document Change Control

Date of Change	Author(s)	Brief Description of Change
9/2025	OAR - PPD	Initial Draft
12/2025	OAR - PPD	Updated Guidance for all DROCs; removed centralized processing procedures
5/2026	OAR - PPD	Updated Half-Step Calculation procedures to include 38 CFR 4.26; Added SMC Code Tables

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Interim Guidance for *Barry* SMC Claims

Section 1: Identifying a *Barry* SMC claim	
Step 1: Determine if *Barry* Court Decision Applies	• Review the claim to determine whether the Veteran is in receipt of SMC (l) or above, based on aid and attendance; OR confirm that the evidence supports a grant of SMC (l) or above based on aid and attendance. ***Note:*** If the claimant is receiving SMC (o) or higher for both the basic and hospitalization rate, *Barry* **does not** apply. Proceed with deciding the claim.
Step 2: Identify the Half-Step and Full-Step Increases	• Confirm the presence of an additional single permanent disability or combinations of permanent disabilities independently ratable at 50 percent or more that will afford entitlement to the next higher intermediate rate; ***or*** • Confirm the presence of an additional single permanent disability independently ratable at 100 percent apart from any consideration of individual unemployability. ***Note:*** There may be scenarios where a claimant may be eligible for a combination of half and full-steps. *Barry* applies in any claim where a claimant may receive any additional steps above the initial half-step or full-step.
Step 3: System Compliance	Once *Barry* eligibility is confirmed: • Add the corporate flash, "***Barry* SMC Review**" to the Veteran's Profile in VBMS. • Add the "**OAR Special Issue 1**" to the SMC contention under the pending EP. ○ ***Note:*** For inferred SMC claims, add the "OAR Special Issue 1" to the contentions from which the SMC is inferred.

Section 2: Calculating *Barry* SMC *For more in-depth guidance, refer to the Barry SMC Job Aid – Appendix B*	
Step 1: Calculating Number of Eligible Full-Steps	• Review current service-connected disabilities for any additional single permanent disability independently ratable at 100 percent, not including individual unemployability. 38 C.F.R. § 3.350(f)(4). For each eligible 100 percent disability, the Veteran is entitled to one full-step (up to SMC (o))
Step 2: Calculating Number of Eligible Half-Steps **Bilateral Factor: Applying 38 CFR 4.26**	• Determine if there are additional permanent disabilities, either alone or in combination, independently rated 50 percent or more. 38 C.F.R. § 3.350(f)(3) **First**, determine the Bilateral Factor. Are there any service-connected bilateral extremities? (**Note**: This includes conditions such as bilateral pes planus) If *Yes*: Using the Combinator Tool, combine all bilateral disabilities into a single combination, in accordance with 38 CFR 4.26. • When the bilateral factor affects only the upper or lower body, then those bilateral conditions are a single disability. • When the bilateral factor affects both sides of the upper and lower body (i.e., all four extremities), then the upper and lower body combine to a single bilateral factor disability. **Important**: For any period(s) on or after April 16, 2023 (see note below), one or more bilateral factor disabilities may be excluded from the single bilateral combination when application of the bilateral factor results in fewer half steps than excluding the bilateral factor. (38 C.F.R. § 4.26) ○ **Note**: VA amended 38 C.F.R. § 4.26 on April 16, 2023, to address instances

	where certain combinations of disabilities including the bilateral factor do not combine to the most favorable outcome. (M21-1 V.iv.1.C.4.b) ○ Do not exclude the bilateral factor for combinations of disabilities prior to April 16, 2023.
Step 3: Calculating Number of Eligible Half-Steps **Applying 38 CFR 4.25**	**Next**, determine whether additional half-steps may be warranted by combining the **remaining** disabilities from most severe to least severe, using the Combinator Tool, in accordance with 38 CFR 4.25 . Add each disability one at a time until you reach the 50% threshold. Then, begin again with the next disability until the 50% threshold is reached, or until the combinations no longer allow for an additional 50% combination. *Example*: The veteran has remaining disabilities of PTSD (30%), lower back strain (20%), diabetes mellitus (20%) and tinnitus (10%). First add the PTSD's evaluation to the combinator tool, then the lower back strain, and finally, the diabetes mellitus. This will provide you with a combined evaluation that reaches the 50% threshold, allowing for an additional half-step. There is no further combination that can be made with the remaining tinnitus evaluation.

Section 3: Adjudication Procedures	
Step 1: Manually Add SMC Codes	• Add a separate SMC paragraph for each step granted. • Half steps use the P-1 paragraph. • Full steps use the P-2 paragraph.

Step 2: Hospitalization Code Limitations	• VBMS-R may not allow selection for *Barry* SMC claims granting SMC (m½) or above, up to the statutory cap of SMC (o). • In these cases, select the closest available hospitalization code
Step 3: *Barry* SMC Narrative Requirements	• For all *Barry* SMC claims, add the following narrative introduction: **In *Barry v. McDonough*, the U.S. Court of Appeals for the Federal Circuit held that claimants may be entitled to multiple half-step considerations for additional, independent disabilities rated at 50 percent or more for special monthly compensation (SMC) determinations. Based on the Court's decision, entitlement to additional SMC steps based on *Barry* is established.** • For each half or full-step, add the language contained in the "P-1" or "P-2" SMC paragraph to accurately describe the *Barry* SMC grants in the narrative.
Step 4: Add Rating Decision Codesheet Annotations	• For all *Barry* SMC claims, the following codesheet note must be included: **This rating requires manual calculation adjustment under *Barry* SMC procedures due to multiple half-steps or full-steps not captured by the SMC calculator. Ensure these additional steps are properly accounted for in current and future authorizations.** • For *Barry* SMC claims where the hospitalization code is not currently available to select in VBMS-R, add the following note: **Due to current system limitations, the proper hospitalization code could not be selected in VBMS-R and will require an update. The correct hospitalization code is XX.**

	Note: Once the VBMS-R SMC Calculator is updated, claims without the proper hospitalization code will be reviewed to correct those codes.
Step 5: Add *Barry* SMC Identifiers	• Add "*Barry* SMC" to subject line for the following relevant documents in the Veteran's e-folder: 1. VA Form 20-0996 2. Rating Decision Narrative 3. Rating Decision Codesheet 4. Notification Letter 5. Board Decision/Remand
Step 6: Upload "In-Lieu of VA Memo"	• Upload the "In-Lieu of VA Memo" in place of the SMC Calculator to the Veteran's e-folder 1. For Category Type, Select "**Determinations – VA Memo**" 2. Add Subject Line, "**Memo In-Lieu of SMC Calculator (*Barry* SMC)**" ***Note:*** These actions will alert the Authorization activity that *Barry* SMC is involved. **Important**: The SMC Calculator should still be uploaded alongside the In-Lieu of Memo when other SMC eligibilities are involved.

Section 4: Authorization	
Step 1: Veterans Service Representative (VSR) Responsibilities	• Confirm that the *Barry* memo in lieu of the SMC calculator has been uploaded to VBMS. • Review the codesheet for any *Barry*-related special handling notes. 1. ***Important***: Review the codesheet to determine whether the Veteran is receiving SMC (n) through SMC (o) under *Barry*. In such cases, a codesheet note must be used to indicate the appropriate hospitalization code. VBMS-R does not currently support the correct hospitalization coding for certain SMC levels under *Barry*.

	• Confirm that rating narrative, codesheet, and *Barry* memo all reflect the same effective dates. • Verify that the "***Barry* SMC Review**" Corporate Flash has been added. • Ensure the "**OAR Special Issue 1**" Special Issue has been applied to a contention under the EP. • Verify that the rating decision has undergone the DRA process with a second signature reviewer. ***Note:*** In addition to these specific instructions, VSRs must also complete standard claim review procedures.
Step 2: Senior VSR (Authorizer) Responsibilities	• Follow standard claim authorization procedures. • Confirm that all *Barry*-related procedures listed above have been completed. • Notify the Coach once the claim is authorized. The Coach will then email OAR for *Barry* claim tracking.

Important Reminders:

- The VA memo in-lieu of the SMC calculator *must* be included in the file when Barry SMC is granted. A copy of the memo is attached below.
- If the claim does not rise to a *Barry* SMC scenario, procedures under M21-1, V.iv.1.B.7.d, Two-Signature Rating Decisions, must still be followed for applicable claims.
- Ensure that OAR Program Administration is copied on all emails related to *Barry* claims to accurately capture and track these cases.
- Once Compensation Service provides interim procedures, this guidance may be adjusted as necessary to align with updated protocols.
- If there are any questions regarding these procedures, please contact OAR Program Administration.

Memo in Lieu of SMC Calculator – Appendix A

Department of Veterans Affairs

Memorandum

Date: [Input Date]

Subj: Memo In Lieu of Special Monthly Compensation Calculator (SMC) Update

To: VBMS eFolder

M21-1 VIII.iv.4.A.1.h. requires the mandatory use of the Special Monthly Compensation (SMC) Calculator in all cases involving SMC entitlement. Based on the Federal Circuit's decision in *Barry v. McDonough*, 101 F.4th 1348 (Fed. Cir. 2024), claimants may now be entitled to multiple half-step considerations for additional independent disabilities rated as 50 percent or more, and multiple full-step considerations for additional independent disabilities rated as 100 percent apart from any consideration of individual unemployability. This memorandum serves as a temporary approach for processing claims requiring SMC determinations while the SMC Calculator is being updated.

Purpose of This Document
This memorandum will be used in place of the SMC calculator print-off to document specific scenarios involving multiple step allowances under 38 CFR 3.350(f)(3) and 38 CFR 3.350(f)(4). This ensures claims continue progressing without delay while the necessary updates to the SMC calculator are completed.

Procedure for Use
The memorandum will be uploaded into the Veteran's VBMS eFolder in place of the SMC calculator print-off. Claims processors will update this memorandum to detail the specific scenario requiring SMC determination below:

- **Veteran Name:**
- **File Number:**
- **SMC Basic and Hospitalization Rate**:
- **Summary of SMC entitlements**:
- **Is Hospitalization Code correct? (Y/N):**
  (If not, provide correct code):

Effective Date	Basic Code	Hosp Code	LOU Code	Anat Loss Code	Other Loss Code	SMC

Exclusion from Quality Review
To support uninterrupted claims processing, memoranda submitted under this interim guidance will be excluded from quality review purposes. This exclusion recognizes the current unavailability of the SMC calculator to accurately calculate half-step and full-step determinations.

Effective Period
Further communication will be provided once updates to the SMC calculator have been implemented. Until then, the memo will be used in place of the SMC calculator print-off.

SMC Code Tables – Appendix B

Table A: Full Step SMC Levels and Basic Codes

If an additional full step is warranted, use this table to look up the Basic code from your results in the first column, the code with the additional full step is shown under the “Plus Full Step” column. Repeat this process for the Hospital code. If a second or third step is warranted use the appropriate code based on the number of steps applied. If half steps also apply, use the codes resulting from Table A and follow Table B.

If the SMC Code is	**then the SMC is**	**Plus 1 Full Step**		**Plus 2nd Full Step**		**Plus 3rd Full Step**	
		The new SMC Code is	**and SMC is**	**The new SMC Code is**	**and SMC is**	**The new SMC Code is**	**and SMC is**
03	L	**19**	P (M)	**21**	P (N)	**37**	O
18	P (L ½)	**20**	P (M½)	**22**	P (N½)	**37**	O
19	P (M)	**21**	P (N)	**37**	O	N/A	N/A
07	M	**21**	P (N)	**37**	O	N/A	N/A
20	P (M½)	**22**	P (N½)	**37**	O	N/A	N/A
21	P (N)	**37**	O	N/A	N/A	N/A	N/A
11	N	**37**	O	N/A	N/A	N/A	N/A
22	P (N½)	**37**	O	N/A	N/A	N/A	N/A
37	O	N/A	N/A	N/A	N/A	N/A	N/A

Table B: Half Step SMC Levels and Basic Codes

If an additional half step is warranted, look up the Basic code from your results in the first column, the code with the additional half step is shown under the “Plus 1 half Step” column. Repeat this process for the Hospital code. If multiple half steps apply find the appropriate code under the column with the number of half steps that apply.

If the SMC Code is	**then the SMC is**	**Plus 1 half Step**		**Plus 2nd half Step**		**Plus 3rd half Step**		**Plus 4th half Step**		**Plus 5th half Step**		**Plus 6th half Step**	
		The new SMC Code is	**and SMC is**	**The new SMC Code is**	**and SMC is**	**The new SMC Code is**	**and SMC is**	**The new SMC Code is**	**and SMC is**	**The new SMC Code is**	**and SMC is**	**The new SMC Code is**	**and SMC is**
03	L	**18**	P (L½)	**19**	P (M)	**20**	P (M½)	**21**	P (N)	**22**	P (N½)	**37**	O
18	P (L ½)	**19**	P (M)	**20**	P (M½)	**21**	P (N)	**22**	P (N½)	**37**	O	N/A	N/A
19	P (M)	**20**	P (M½)	**21**	P (N)	**22**	P (N½)	**37**	O	N/A	N/A	N/A	N/A
07	M	**20**	P (M½)	**21**	P (N)	**22**	P (N½)	**37**	O	N/A	N/A	N/A	N/A
20	P (M½)	**21**	P (N)	**22**	P (N½)	**37**	O	N/A	N/A	N/A	N/A	N/A	N/A
21	P (N)	**22**	P (N½)	**37**	O	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	N	**22**	P (N½)	**37**	O	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	P (N½)	37	O	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	O	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table C: Basic and Hospitalization Combinations

If an additional full step is warranted, look up the code results in the first two columns; the additional full step codes are shown under the “Plus Full Step” columns. If multiple full steps apply, locate the codes of the first additional full step in the first two columns, and determine what the codes are with another step applied. Continue for all other steps. If half steps also apply, use the results from Table A and move to Table B.

The SMC Basic Code Equals	AND The SMC Hospital Code Equals	The Current SMC is	Plus Full Step		
			Basic Code	Hosp Code	SMC is
03	48	L	19	48	P (M)
03	03	L	19	19	P (M)
18	48	P (L½)	20	48	P (M½)
18	18	P (L½)	20	20	P (M½)
19	48	P (M)	21	48	P (N)
19	19	P (M)	21	21	P (N)
07	03	M	21	19	P (N)
07	18	M	21	20	P (N)
07	07	M	21	21	P (N)
20	48	P (M½)	22	48	P (N½)
20	18	P (M½)	22	20	P (N½)
20	19	P (M½)	22	21	P (N½)
20	20	P (M½)	22	22	P (N½)
21	48	P (N)	37	48	P (O)
21	19	P (N)	37	21	P (O)
21	20	P (N)	37	22	P (O)
21	21	P (N)	37	37	P (O)
11	11	N	37	37	P (O)
22	48	P (N½)	37	48	P (O)
22	20	P (N½)	37	21	P (O)
22	21	P (N½)	37	22	P (O)
22	22	P (N½)	37	37	P (O)
37	48	P (O)	37	48	P (O)
37	03	P (O)	37	19	P (O)
37	07	P (O)	37	21	P (O)
37	11	P (O)	37	37	P (O)
37	18	P (O)	37	20	P (O)
37	19	P (O)	37	21	P (O)
37	20	P (O)	37	22	P (O)
37	21	P (O)	37	37	P (O)
37	22	P (O)	37	37	P (O)
37	37	P (O)	N/A	N/A	P (O)

Table D: Half-Step Basic and Hospital Codes Combination

If an additional half step is warranted, look up the basic and hospital code combination in the first two columns; the codes with the additional half steps are shown under the “Plus ½ Step” columns. If multiple half steps apply, take the resulting codes of the first additional half step and locate them in the first two columns, and determine what the codes are with another half step applied. Continue for all additional half steps that apply.

The SMC Basic Code Equals	AND The SMC Hospital Code Equals	The Current SMC is	Plus 1/2 Step		
			Basic Code	Hosp Code	SMC is
03	48	L	18	48	P (L½)
03	03	L	18	18	P (L½)
18	48	P (L½)	19	48	P (M)
18	18	P (L½)	19	19	P (M)
19	48	P (M)	20	48	P (M½)
19	19	P (M)	20	20	P (M½)
07	03	M	20	18	P (M½)
07	18	M	20	19	P (M½)
07	07	M	20	20	P (M½)
20	48	P (M½)	21	48	P (N)
20	18	P (M½)	21	19	P (N)
20	19	P (M½)	21	20	P (N)
20	20	P (M½)	21	21	P (N)
21	48	P (N)	22	48	P (N½)
21	19	P (N)	22	20	P (N½)
21	20	P (N)	22	21	P (N½)
21	21	P (N)	22	22	P (N½)
11	11	N	22	22	P (N½)
22	48	P (N½)	37	48	P (O)
22	20	P (N½)	37	21	P (O)
22	21	P (N½)	37	22	P (O)
22	22	P (N½)	37	37	P (O)
37	48	O	37	48	P (O)
37	03	O	37	18	P (O)
37	07	O	37	20	P (O)
37	11	O	37	22	P (O)
37	18	O	37	19	P (O)
37	19	O	37	20	P (O)
37	20	O	37	21	P (O)
37	21	O	37	22	P (O)
37	22	O	37	37	P (O)

Table E: Codes with SMC(k)

This table helps you identify the correct basic or hospitalization code once K awards are added.

SMC Level	No SMC K	+1 SMC K	+2 SMC K	+3 SMC K	+4 SMC K	+5 SMC K
SMC L	3	4	5	6	82	83
SMC L½	18	24	29	33	64	65
SMC M	7 or 19	8 or 25	9 or 30	10 or 34	74	75
SMC M½	20	26	31	35	76	77
SMC N	11 or 21	12 or 27	13 or 32	15	78 or 84	79 or 85
SMC N½	22	28	38	37	37	37
SMC O	37	37	37	37	37	37
SMC S	48	49	50	39	80	81

Barry v. McDonough (May 16, 2024) Job Aid – Appendix C

Purpose

This job aid assists Decision Review Operations Center (DROC) claim processors make accurate decisions based on the decision in *Barry v. McDonough*, which allows eligible claimants to receive additional Special Monthly Compensation (SMC) beyond a single half-step based on 38 C.F.R. § 3.350(f)(3).

Important: This is OAR interim material and guidance which is not applicable to:

- VA employees **outside of the DROC**, or
- Benefits decisions **not processed within a DROC**.

Background

Barry holding: VA can grant multiple half-step increases under SMC(p), subject only to the statutory cap. OAR has interpreted this holding to allow for multiple full-steps as well.

VA has long permitted the granting of additional SMC when a Veteran is receiving SMC from the L-N rates and has separate and distinct conditions that meet certain requirements. *Barry* does **not** change these requirements.

Before the *Barry* holding VA allowed a grant of either a single half-step or full-step increase in SMC depending on what disability percentage requirements are met:

Half-step: Additional permanent disability, either alone or in combination, independently rated 50 percent or more. 38 C.F.R. § 3.350(f)(3)

Full-step: Additional single permanent disability independently ratable at 100 percent, not including individual unemployability. 38 C.F.R. § 3.350(f)(4).

Before the *Barry* holding, the half/full-step could only be applied once.

Key disability requirements for eligibility for half or full-steps:

- Must be permanent (e.g., temporary total evaluations do not count)
- Must be separate and distinct and involve different anatomical segments or bodily systems from the conditions establishing entitlement to SMC L through N.
- If SMC L through N based on multiple loss or loss of use is caused by the same etiological disease or injury, that same disease or injury may not be used to establish a half-step or full-step increase **unless** it is so rated without regard to the loss or loss of use. See 38 CFR § 3.350(f)(4)(i).

Determining SMC based on 38 C.F.R. § 3.350(f)(3) and 38 C.F.R. § 3.350(f)(4) based on *Barry*

You may grant multiple half and/or full-steps up to the statutory maximum of SMC(o).

- Statutory maximum is when Veteran is receiving SMC(o) at both the basic and hospital rate. See 38 U.S.C. § 1114(p)

If a Veteran is getting paid at the statutory cap, there can be no more entitlement to additional, intermediate SMC.

Identifying a Barry Case

Is the Veteran entitled to SMC at the L rate or higher?

- If ***yes***, is Veteran in receipt of SMC(o) or above?
  - If ***yes***, Barry does *not* apply.
- If ***no*** to Question 2, is Veteran separately service connected for two or more conditions that each combine to 50 percent or more?
  - If ***yes***, Barry may apply. Proceed with reviewing entitlement.

Barry Review Process

1. *Barry* SMC Exclusions: Determine the SC disability or disabilities that result in SMC L through N. Remove these from consideration in determining the number half and/or full-steps that can be granted. Remove any disabilities that are not separate and distinct and in the same body system and anatomical region.

Note: If Veteran is already at SMC O at both the basic and hospital rate he is at the statutory max and half/full-steps cannot be granted, to include under *Barry*.

Examples:

- Veteran service connected for paralysis together with loss of bladder and sphincter control would be entitled to SMC O, which would preclude the grant of additional half-steps.
- Veteran is entitled to loss of use of both feet and both hands.

2. *Barry* SMC Calculations: Starting from the highest disability rating, determine the number of full/half-steps by calculating how many disabilities are 100 percent disabling and/or 50 percent disabling (alone and/or in combination) (See "Determining Service-Connected Disabilities resulting in SMC L-N" below)

3. SMC Paragraphs: Add a separate SMC paragraph for each step granted. Half-steps use the P-1 paragraph. Full-steps use the P-2 paragraph.

4. Determine SMC Coding: (See "How to Determine SMC Codes" below)

5. Complete your Decision: Use the Free Text entry to create the narrative and "In Lieu of" VA Memo while the SMC Calculator is being updated.

Determining Service-Connected Disabilities resulting in SMC L-N

In many cases, SMC is based on loss or loss of use. These disabilities will qualify for half or full-step increases. However, in some cases, rating decisions will not specify the SC conditions resulting in the need for aid and attendance. As a result, you may have to review the claims folder to determine what the A&A is based on, particularly reviewing:

- VA Form 21-2680(s),
- VA examinations/DBQs
- VA outpatient treatment records
- Private treatment records

How to Count Steps

First start with determining the bilateral factor under 38 CFR 4.26, which states that, "The bilateral factor will be applied to such bilateral disabilities before other combinations are carried out and the rating for such disabilities including the bilateral factor in this section will be treated as one disability for the purpose of arranging in order of severity and for all further combinations."

For Barry, this means that you must combine all bilateral disabilities (including extremities and bilateral conditions) into the Combinator tool to determine the bilateral factor. This single combination represents the first half-step that can be granted under Barry.

After you have determined the bilateral factor, you next must review the remaining disabilities for additional half-steps. Start with the most severe disability and combine down in accordance with 38 C.F.R. § 4.25. Claims processors **may not** mix and match disability combinations to maximize the number of half-steps.

Example:

Veteran is in receipt of SMC L based on aid and attendance due to PTSD. Veteran is also service connected for coronary artery disease (100), sleep apnea (50), low back (40), migraines (30), left knee strain (10), right knee strain (10), tinnitus (10).

Calculation: Starting at heart disease we work down in order of severity, which gives a full-step based on heart disease, plus two half-steps (one for sleep apnea and one for low back and migraines), or SMC N.

What if your SMC steps span multiple rating periods and/or effective dates?

Claims processors should start over with all eligible service-connected conditions with each new effective date. Sometimes it will be clear that there will be no change, but in others it will require revision.

This could potentially result in the need to close out prior half-step periods when evaluations change, or new conditions are service connected.

How to Add SMC Paragraphs

Enter the Master Record and select the SMC tab. Build up from the underlying SMC incrementally. Add a P-1/P-2 paragraph for each step granted.

Example: For two additional half-steps in addition to SMC L you would add two separate P-1 paragraphs. The first P-1 paragraph would be the intermediate rate between L and M coming up from SMC L. The second P-1 paragraph would be the M rate coming up from the intermediate rate between L and M. You need to ensure you select the proper rates from the drop-down menu.

How to Determine SMC Codes

1. **Basic Code (first SMC code entry)**

Refer to the "Special Monthly Compensation Codes and Rates" table located in the current rate tables section to find the Basic SMC code. This will provide the most current list of codes.

2025 COLA Rates - DISABILITY COMPENSATION - BASIC RATES

Select on Current then the most recent year, then navigate down to the table (currently the third table) that lists all of the basic SMC codes.

Note: For *Barry* cases, you will often use the codes further down the table, starting at Code 18. The prior codes are not based on SMC grants using an intermediate rate.

2. **Hospital Reduction Code (second SMC code entry)**

a. *No Hospital Reduction*, i.e., the hospital code is the same as the basic SMC code.

i. SMC award does not include aid and attendance. 38 C.F.R. § 3.552(d). The hospital code will be the same as the basic SMC code if aid and attendance has not been awarded, subject to the exception below.

ii. Aid and attendance (SMC R) is due to paraplegia involving paralysis of both lower extremities together with loss of anal and bladder sphincter control, or Hansen's disease (this exception does not apply when SMC R is in effect, then it still must be reduced). See 38 C.F.R. § 3.552(a)(2); 38 C.F.R. § 3.552(b)(2).

Note: SMC is always reduced when SMC is at the R rate.

iii. Veteran has been determined to be permanently bedridden (this is not the same as aid and attendance).

b. *Hospital Reduction*

i. SMC rate is reduced if SMC L is due to aid and attendance.

Reduce to SMC S plus any SMC K(s), if applicable. See 38 C.F.R. § 3.552(d)

ii. SMC L due to aid and attendance plus full/half-steps are granted.

Reduce to SMC S, regardless of the number of steps granted. See 38 C.F.R. § 3.552(i)

iii. When SMC at L through N based on loss/loss of use plus SMC L based on aid and attendance is granted follow 38 C.F.R. § 3.552(g).

a. L and L = reduced to M

b. M and L = reduced to N

c. N or higher and L = reduced to O (this is the statutory cap)

Note: See 38 C.F.R. § 3.552(f) and 38 C.F.R. § 3.552(g). When L based on aid and attendance is taken away during hospitalization, that leaves the Veteran with whatever SMC remains.

Example:

Veteran is SMC L based on loss of use of the feet and is also getting SMC L based on aid and attendance due to PTSD rated 100 percent disabling. He is separately service connected for sleep apnea at 50 percent. He is in receipt of SMC at the R1 rate as a result.

During hospitalization, the SMC L based on aid and attendance is essentially removed and we pay based on what remains.

In the above example, when the L (aid and attendance is removed) this is the result:

a. SMC L based on LOU of feet

b. A full-step increase based on the aid and attendance condition (we don't care if the aid and attendance is in reality based on more than one condition since the regulation directs this regardless). 38 CFR 3.552(g)(1)

c. An additional half-step increase based on sleep apnea.

Thus, during hospitalization, the Veteran's SMC hospital rate would be M 1/2.

3. **Loss/Loss of Use/Other Codes**

Refer to rate tables.

Scope of Statutory Max:

1. If granting a single L-N, the statutory max is when you get to O.

2. If granting L-N based on loss/loss of use PLUS L for aid and attendance, the statutory max is achieved when the hospital rate is anywhere from N to O. The hospital rate maxes out starting at N because the rule is that the hospital rate will be reduced to O at that point. 38 C.F.R. § 3.552(g).

Example: Veteran is in receipt of SMC L for loss of use of both feet, and SMC L based on aid and attendance due to cognitive impairment. If there are no intermediate steps, Veteran would

receive SMC O and SMC R. During hospitalization, the SMC rate would be reduced to the SMC M rate.

If you have the same facts as above, but then also have coronary artery disease separately rated 100 percent, you would still establish a full-step increase to allow for a higher hospital rate to be granted. Essentially, you are now granting SMC L for loss of use, plus a full-step increase to M, along with a separate SMC L for aid and attendance (M+L). See 38 C.F.R. § 3.552(f). The SMC basic rate would still be SMC O/R, but the hospital rate would now only be reduced to the SMC N rate. See 38 C.F.R. § 3.552(g).

Historical Brokering Procedures - Appendix D

Brokering the *Barry* Claim to the Seattle DROC:

If…	Then…

claim is confirmed as a *Barry* SMC claim and the claim **has not been rated** by a DROC RVSR or DRO, complete the following actions:	• Send an email from the DROC corporate box or Director's Office corporate box to the Seattle Director's Office and CC the Office of Administrative Review (OAR) Program Administration:
	  ○ To: DIR.VBASEA@va.gov
	  ○ CC: OARADMIN.VBAWAS@va.gov.
	• Subject line: ***Barry* SMC – Special Processing Request** and include the following information in the body of the email to the Seattle DROC:
	  ○ Veteran/Claimant Name
	  ○ File Number
	  ○ Claim ID
	  ○ End Product (EP)
	  ○ Date of Claim (DOC)
	  ○ Informal Conference Request: (Y/N)
	  ○ Priority, if applicable (e.g. terminal, homeless, etc)
	  ○ Date of RQRS permanent EP note confirming *Barry* SMC eligibility
	  ○ Include the following in the email:
	
	Per OAR temporary guidance, the EP030 for the *Barry*-related SMC requires special processing by the Seattle DROC.
	
	• Add the corporate flash, "***Barry* SMC Review"**.
	• Add the "**OAR Special Issue 1**" to the SMC contention or contention under the pending EP.
	• Do NOT manually broker the claim, as the claim will be automatically recalled and redistributed during the next NWQ production run.
	
	Note: Any claims brokered to Seattle that do not include the required RQRS permanent EP note confirming *Barry* SMC eligibility will be sent back to the original DROC of jurisdiction.

	Additionally, if Seattle finds that the claim is not a *Barry* claim, it will be returned.

Seattle DROC Guidance:

If…	Then…
The claim is a valid *Barry* SMC claim.	• Reapply the "OAR Special Issue 1" to the SMC contention under the pending EP to ensure the claim will be recalled and redistributed to the Seattle DROC.
The claim is **not** a *Barry* SMC claim after review and RQRS confirmation, it be returned to the original DROC.	• Remove the "**OAR Special Issue 1**". • Remove the corporate flash, "***Barry* SMC Review**" to the Veteran's Profile in VBMS. • Document in VBMS with the following note: **This claim does not meet the criteria for *Barry v. McDonough* SMC adjudication.** • Even though it is not a *Barry* SMC claim, document the claim on the *Barry* tracker, to include the originating DROC. • Send an email to the respective DROC corporate email box and CC OAR Program Administration. • Broker the claim back to the originating DROC.
After adjudicating the claim and it is determined that a workaround to address the SMC entitlement is not feasible due to VBMS system limitations:	• Ensure the "**OAR Special Issue 1**" is on a contention. • Add the corporate flash, "***Barry* SMC Review**" to the Veteran's Profile in VBMS. • Document in VBMS with the following note: **This is a *Barry* SMC claim; however, due to VBMS system limitations, the SMC entitlement cannot be processed correctly. As a result, it will be held by NWQ until the entitlement can be processed appropriately.**

	• Send an email to OAR Program Administration informing that the claim cannot be processed further. • Email NWQ requesting to hold the claim until SMC can be processed correctly.