

MEDICAL CORPS FAQs

The AMEDD Special Pay Branch is limited to the authorization of special pay; we are not involved in the actual finance transaction, taxes, recoupment, debts, W-2, or TSP. The majority of the issues coming from the field are due to a misunderstanding, or trying to understand the program under the old rules. Based on our daily attempts to clarify and assist, below are a list of questions and our responses.

Q1. Can HPO serve out the remainder of their current contract under the legacy system in essence incurring no addition obligation and receiving the same bonus? In this scenario, the multi-year bonus would continue to be paid in October (or whenever the anniversary date is) and all other bonuses would begin in July and paid in pro-rated fashion?

A1: By law, Legacy special pays are no longer authorized beyond 28 Jan 18. HPOs not already under a CSP agreement are eligible to transition from Legacy to CSP upon first expiration of any current Legacy special pay agreement (i.e. MASP, ISP).

For example, the MASP expires 30 Jun 17 and ISP expires 30 Sep 17:

(a) Officer is eligible to execute an annual HPO IP rate agreement effective 1 Jul 17, and it will replace the VSP, MASP, and ISP. The ISP would have a 3-month pro rata recoupment and debt for the overlap period.

Or,

(b) Officer could forgo the HPO IP and MASP payments until the ISP expires 30 Sep 17. Officer would then execute an annual HPO IP rate agreement effective 1 Oct 17, and it will replace the VSP, MASP, and ISP. There would be no ISP recoupment.

(c) This can also apply if in a MISP linked to a MSP. Officer could forgo the HPO IP and MASP payments until the MISP anniversary payment due 1 Oct 17 and in turn, execute a multi-year HPO IP effective 1 Oct 17. There would be no ISP recoupment.

As for the MSP, upon first expiration of any current Legacy special pay agreement:

(a) An HPO with an existing obligated 2, 3, or 4-year Legacy agreement may align to a new RB agreement with a new effective date (same date for HPO IP & RB), with an equal or longer obligation.

Or,

(b) An HPO may also choose to allow their existing MSP to continue unchanged, and it will be 'amended in name' to an HPO RB (since RB rates remain unchanged from the MSP).

MEDICAL CORPS FAQs

Q2. How will the recoupment effect Federal Income Taxes? Since we have (or will by 18 April 2017) pay taxes on the lump sum ISP/MISP in 2016 will this require a W-2C to be generated and refile/amend 2016 Income taxes?

A2: Your Federal withholding and payments presented on your W-2 are based on the calendar tax year in which the monies are either disbursed/paid or collected/recouped and in turn, there are no retroactive adjustments made for actions outside of that calendar tax year. Therefore, everything transpiring since 1 Jan 17 will be in Tax Year 2017. Recommend seeing your tax or financial advisor for further guidance.

Q3. Can current HPO contracts be grandfathered into the new system allowing the current contract time-period remain, move everything to July, and pay back the delta months of the final year through recoupment?

And,

Do you know how DFAS will recoup the remaining pay (recoupment) of the ISP/MISPs? Lump sum or over months? Will it be completed in CY 2017 and shown as a decrease in pay in 2017?

A3: It has been over four-years since AMEDD officers have 'renegotiated' agreements and been subject to the recoupment/debt process of DFAS-IN, and procedures have changed.

a. If aligning a MSP to a HPO RB, both agreements are annual lump sum payments and DFAS-IN should process the alignment with a pro rata recoupment of any overlapping period; paying the difference due the first year of the multi-year payment.

b. If aligning an annual payment MASP or ISP/MISP to the new monthly payment HPO IP, any overlapping period will also establish a pro rata recoupment. However, because there is no HPO IP lump sum from which to recoup, officer will be notified by their local finance to pay the pro rata recoupment as a debt, with either a lump sum payment from their next LES period or request a proration.

c. If officer pays lump sum at the local finance in cash/check, they will be issued a cash collection voucher or equivalent. Officer should retain the voucher for their career, since all finance history is reviewed upon separation.

(1) Requests for proration 12 months or less will require coordination with the local finance, and it is currently subject to an interest fee of 2.5% APR and \$15.00 administrative fee.

(2) Any repayment longer than 12 months must be based on a financial hardship, and it too will require coordination with the local finance.

MEDICAL CORPS FAQs

Additional information available at the AMEDD Special Pay 'About' page -
<https://hr.mods.army.mil/SpecialPay/about/Index>

Under the green banner 'Guidance for Special Pays' go to--

- Corrected IRS FORM W-2C for Tax Year
- Guidance: W2 Processing and Bonus Overpayments

Q4. Rates. All special pay rates are as listed in the pay plan and available at the AMEDD Special Pay 'About' page-

<https://hr.mods.army.mil/SpecialPay/about/MCPayRates>

- a. Current Medical Interns (FYGME) will stay under Legacy Intern VSP at \$100/month until graduation 20170630, or whenever officer graduates.
- b. Upon entering into their Initial Residency (PGY2), execute the HPO IP (i.e. 1 Jul 17) at \$8,000/year; payable approx. \$666.66/month.
- c. If assigned as a General Medical Officer (GMO) in lieu of residency, execute a HPO IP (i.e. 1 Jul 17) at \$20,000/year; payable approx. \$1,666.66/month.
- d. Current Medical Residents not in a Legacy special pay agreement, may execute the Initial Residency (PGY2) HPO IP effective 1 Jan 17 or after at \$8,000/year; payable \$666.66/month. There may be a pro rata recoupment/debt for any monthly VSP that overlapped with the HPO IP.