

Soldiers Returning from Iraq and Afghanistan: The Long-term Costs of Providing Veterans Medical Care and Disability Benefits

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Objective

The objective of the report is to examine the structural and budgetary requirements for caring for the returning war veterans from Iraq and Afghanistan, in terms of US capacity to pay disability compensation, provide high quality medical care, and provide other essential benefits.

Findings

- Disability compensation is a monetary benefit paid to veterans with “service-connected disabilities” meaning the disability is the result of an illness, disease or injury incurred or aggravated while the soldier was on active military service.
- Disability compensation is graduated according to the degree of the veteran’s disability, on a scale from 0% to 100%, in increments of 10%.
- There are 24 million living veterans, of whom approximately 11% receive disability benefits. As of 2005, the US paid \$23.4 billion in annual disability entitlement pay to veterans from previous wars.
- As of 2007, the Veterans Benefits Administration (VBA) had a backlog of 400, 000 claims. VBA takes an average of 177 days to process an original claim, and an average of 657 days to process an appeal.
- Forty-four percent of First Gulf War veterans filed disability claims and 87% were approved.
- Estimates for the cost of providing benefits to returning veterans were calculated under three scenarios:
 - Low – using the First Gulf War numbers (44% seek benefits with an 87% approval rate)
 - Moderate- assumes the war continues through 2014 with a total deployment of 1.7 million with a gradual reduction of troops (50% seek benefits with 87% approval rate)
 - High – using surge numbers with a total deployment of 2 million (50% seek benefits with 87% approval).
- Factoring in costs of living increases and using the actual average VA benefit of \$8890, the long-term cost of veteran disability benefits are:
 - Low - \$67.63 billion
 - Moderate - \$109.98 billion
 - High - \$126.76 billion
- According to Paul Sullivan, a veterans advocate, “The signature wounds from this war will be 1) traumatic brain injury, 2) post-traumatic stress disorder, 3) amputations and 4) spinal cord injuries. PTSD will be the most controversial and the most expensive to treat.”

- Returning Veterans are more likely to seek treatment for mental health concerns, due in part to awareness campaigns run by veteran's organizations through the media.
- In May 2006, Frances Murphy, M.D., the Under Secretary for Health Policy Coordination at the VA, said that mental health and substance abuse care are simply not accessible at some VA facilities. When the services are available, Dr. Murphy asserted that, "waiting lists render that care virtually inaccessible."
- In 2006, the VA submitted an emergency supplemental budget request for \$2 billion, which included \$677 million to cover an unexpected 2% increase in the number of patients, and \$600 million to cover inadequate projections for the cost of long term care. The VA had budgeted based on 2002 numbers, prior to the beginning of the Iraq war.
- The VA is providing medical care for 48% of veterans from the first Gulf War.
- If 50% of Veterans from the Iraq war seek medical care from the VA (based on 2007 deployment numbers), the annual cost is projected to be \$3 billion by 2010 and more than \$6 billion by 2014.

Conclusion

- There are three major areas in which the US is not prepared to care for the influx of returning servicemen from Iraq and Afghanistan:
 - Claims processing capacity for disability benefits – current backlog is at 400,000.
 - Medical treatment capacity – not enough personnel available;
 - There is no preparation to fund another major entitlement program.

The report is available at:
[http://ksgnotes1.harvard.edu/Research/wpaper.nsf/rwp/RWP07-001/\\$File/rwp_07_001_bilmes.pdf](http://ksgnotes1.harvard.edu/Research/wpaper.nsf/rwp/RWP07-001/$File/rwp_07_001_bilmes.pdf)