

Research Paper

# Trends in disability and program participation among U.S. veterans

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## Abstract

**Background:** Disability is increasingly part of the lives of veterans and more research is needed to understand its impact on veterans' participation in disability benefit programs.

**Objective/hypothesis:** We examine how recent trends in receipt of service-connected disability compensation from the Department of Veterans Affairs (VA) compare to trends in self-reported disability and participation in Social Security Disability Insurance (DI) and Supplemental Security Income (SSI) among veterans.

**Methods:** We use 2002–2013 data from the Current Population Survey to describe trends in receipt of VA disability compensation and to compare between trends in self-reported disability and DI/SSI participation for veterans versus nonveterans.

**Results:** The percentage of veterans reporting they receive VA disability compensation increased substantially from 2002 to 2013 and was especially notable among younger (ages 18–39) and older (ages 50–64) veterans. From 2009 to 2013, self-reported disability increased among the younger and older veterans but not among middle-age veterans and nonveterans, and self-reported cognitive disability increased substantially among young veterans. DI/SSI participation among older veterans increased more than for nonveterans over the period examined.

**Conclusions:** Effective policies are needed to incentivize work among young veterans and to help them obtain both the skills they need to succeed in the labor force and the supports (such as psychiatric health services) they need to do so. Older veterans are facing increasing challenges in the labor market, and further research is needed to determine whether these challenges are primarily related to health, a growing skills gap, or poorly-aligned incentives. © 2016 Elsevier Inc. All rights reserved.

**Keywords:** Disability benefits; Veterans; Department of Veterans Affairs; Social Security Administration; Cognitive disability

The number of veterans receiving compensation from the U.S. Department of Veterans Affairs (VA) for service-connected disability has risen rapidly since 2000. According to the Congressional Budget Office (CBO), the annual number of new VA disability compensation awards more than tripled between 2000 and 2013, and the total number of recipients increased by nearly 55 percent, from 2.3 million to 3.5 million.<sup>1</sup> The growth in the number of disability compensation recipients, as well as rising average payments per beneficiary, have led to growing expenditures, from \$20 billion in fiscal year 2000 to \$54 billion in fiscal year 2013.<sup>1</sup> Most of this growth comes from

veterans who last served in the Vietnam War and the post-9/11 wars in Iraq and Afghanistan.

The primary purpose of this paper is to examine how recent trends in VA disability compensation receipt relate to self-reported disability and participation in the Social Security Administration's (SSA) disability programs, as recorded in the Current Population Survey (CPS). More specifically, we use CPS data to answer the following research questions:

1. What are recent trends for the percentage of veterans who report VA disability compensation receipt, accounting for changes in demographic characteristics such as age, sex, and race/ethnicity?
2. Do trends in the percentage of people reporting the six-question sequence of disability first introduced in the American Community Survey (hereafter, "6QS disability") differ by veteran status? We focus in particular on the question reporting serious difficulties concentrating, remembering, or making decisions (hereafter, "cognitive disability").

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3. Does work-limitation disability or receipt of SSA disability benefits (that is, Social Security Disability Insurance [DI] or Supplemental Security Income [SSI]) differ by veteran status?

Multiple factors may have contributed to the observed trends, and it is difficult to distinguish between the contributions of each. Potentially relevant factors include policy changes that affected VA disability determinations, the large number of traumatic injuries in the recent conflicts in Iraq and Afghanistan, and trends in labor market conditions.<sup>1</sup> The Veterans Claims Assistance Act of 2000<sup>2</sup> and the Veterans' Benefits Improvement Act of 2008<sup>3</sup> both required the VA to assist veterans with their applications for VA disability compensation. VA disability compensation applications were likely further boosted by increased use of the internet to convey information and submit applications, and by the establishment of pre-discharge programs that accept applications before separation from the military.

Specific to Vietnam veterans, the VA has been expanding the list of conditions presumptively linked to Agent Orange, starting in 2001 with type 2 diabetes—a very common condition in the U.S. population.<sup>4</sup> This presumptive status means that Vietnam veterans with diabetes only need to prove they served in Vietnam, but not that their diabetes is a direct result of their military service.<sup>5</sup> Other presumptive conditions were added in 2010, including ischemic heart disease, Parkinson's, and certain types of leukemia.<sup>6</sup>

These changes were accompanied by increased outreach regarding post-traumatic stress disorder (PTSD). In July 2010, the VA changed its regulations with regard to PTSD.<sup>7</sup> The new rule applies to all veterans, including those who served prior to 9/11, and simplifies the process for veterans with PTSD to obtain disability compensation. The new regulation states that the VA will grant disability compensation to those with PTSD if they can prove that they served in a war zone and in a job consistent with the PTSD-causing event or events. Prior to the new rule, noncombat veterans had to prove that a specific "hostile military activity" caused their PTSD in order to receive disability compensation. Many veterans who did not serve in combat roles experienced traumatic experiences during their tours of duty. This easing of eligibility rules likely led to an increase in the frequency of VA disability compensation receipt among veterans who served in a war zone but not in a combat role—particularly among female veterans, who have not served in combat roles due to the combat exclusion rule. Coupled with the increased outreach regarding PTSD, this change in eligibility rules may also have led to reduced stigma among veterans with regard to reporting their disabilities.

According to CBO (2014),<sup>1</sup> the higher disability rates among those who served in Iraq and Afghanistan cannot be fully attributed to combat injuries. Environmental and occupational factors also play a role, including difficult terrain in

Afghanistan; potential chemical exposures in Iraq; multiple deployments; age of the force, including reservists; and the effects of carrying heavy equipment, including body armor. McNally and Frueh (2013),<sup>8</sup> however, claim that actual rates of fatalities, injuries, and PTSD attributable to the wars in Iraq and Afghanistan are historically *low*, even though the applications for VA disability compensation, particularly due to PTSD, have risen dramatically. Fisher (2014)<sup>9</sup> provides further analysis of disputes around whether PTSD is over- or under-diagnosed in the U.S. Military context. Among other trends, deteriorating labor market conditions during the Great Recession (defined by the National Bureau of Economic Research as lasting from December 2007 to June 2009) have likely led more veterans to seek VA disability compensation to replace lost earnings. Such a trend was observed also for DI (see for example CBO, 2010<sup>10</sup>) and is consistent with the findings of Angrist et al (2010),<sup>11</sup> who concluded that financial incentives, not increased combat exposure, are responsible for higher unemployment and VA disability compensation rates among veterans with relatively low vocational skills.

Veterans with disabilities may also qualify for DI or SSI, regardless of whether they receive VA disability compensation. Any DI cash benefits would not be offset by VA disability compensation, and vice versa; however, SSI cash benefits would be reduced since that is a means-tested program.<sup>12</sup> In 2010, about 770,000 veterans under age 66 reported receiving SSA disability benefits.<sup>13</sup> Only a minority of them were receiving VA disability compensation. Wilmoth et al (2013),<sup>14</sup> using SIPP data, find that in 2008 about 17% of veterans under age 65 received VA disability compensation and about 10% received DI benefits, but only 3.5% concurrently received both types of benefits. Tennant (2012)<sup>15</sup> found that over 16% of recent veterans—defined as those who served since 2001—reported receiving VA disability compensation in 2010; only 1.4% of recent veterans reported receiving DI benefits and 0.5% reported receiving SSI benefits.

Since 9/11, SSA has created programs that expedite the SSA claims process for individuals experiencing disability onset, according to SSA's definition, during active military service.<sup>12,13</sup> Wounded warrior applications are given priority at SSA offices; since March 17, 2014, any veteran with a VA disability rating of 100 percent, Permanent and Total, is eligible for expedited processing by SSA.<sup>16</sup> A recent review by the Government Accountability Office found that close to 60,000 individuals received concurrent "triple benefits" from VA disability compensation, DI, and Department of Defense retirement during fiscal year 2013, with payments to these individuals from all three programs totaling over 3.5 billion.<sup>17</sup>

In our analysis, we account for changes in demographic characteristics that likely differ between veterans and non-veterans. Using a regression-based technique, we adjust for differential trends in the sex composition, mean age in years (within each age group), race/ethnicity distribution,

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