

Research Paper

The use of VA Disability Compensation and Social Security Disability Insurance among working-aged veterans

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Abstract

Background: Although there is substantial disability among veterans, relatively little is known about working-aged veterans' uptake of Department of Veterans Affairs (VA) Disability Compensation and Social Security Disability Insurance (DI).

Objectives: This study identifies levels of veteran participation in VA disability and/or DI benefit programs, examines transitions into and out of VA and DI programs among veterans, and estimates the size and composition of the veteran population receiving VA and/or DI benefits over time.

Methods: Data from the 1992, 1993, 1996, 2001, 2004, and 2008 Survey of Income and Program Participation (SIPP) are used to describe VA and DI program participation among veterans under the age of 65.

Results: The majority of working-aged veterans do not receive VA or DI benefits and joint participation is low, but use of these programs has increased over time. A higher percentage of veterans receive VA compensation, which ranges from 4.9% in 1992 to 13.2% in 2008, than DI compensation, which ranges from 2.9% in 1992 to 6.7% in 2008. The rate of joint participation ranges from less than 1% in 1992 to 3.6% in 2008. Veterans experience few transitions between VA and DI programs during the 36–48 months they are observed. The number of veterans receiving benefits from VA and/or DI nearly doubled between 1992 and 2008. There have been substantial shifts in the composition of veterans using these programs, as cohorts who served prior to 1964 are replaced by those who served after 1964.

Conclusions: The findings suggest potential gaps in veterans' access to disability programs that might be addressed through improved coordination of VA and DI benefits. © 2015 Elsevier Inc. All rights reserved.

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

The majority of research on U.S. disability programs examines Social Security Disability Insurance (DI), which enrolled 8.9 million disabled worker beneficiaries in 2013.¹ Much less research has been conducted on the Veterans Administration (VA) Disability Compensation program, even though it is the third largest disability program in the U.S., with over 3.5 million beneficiaries in 2012.^{2–4} Enrollment and expenditures in both disability programs have grown in recent years. However, to our knowledge, no study

has examined how receipt of VA disability compensation benefits is related to participation in DI.

The lack of research on veteran's relative use of VA and DI benefits is surprising given the large size and policy-relevance of the disabled veteran population, as well as the growth in program expenditures. Additionally, although each program has distinctive eligibility criteria and separate benefits determination processes that could hinder joint participation, this lack of research is also surprising because veterans are uniquely “dually eligible”⁵ to participate in both programs. At present, relatively little is known about how the distribution of veterans who use these programs has changed in recent years as the composition of the veteran population has shifted from those who served predominantly during World War II and the Korean War to more recent cohorts who participated in the Vietnam War, the early years of the All-Volunteer Force (AVF), and the Gulf War. Obtaining a better understanding of veterans' levels of individual- and dual- program participation, and how that has changed over time, is important for policy development and program planning purposes.

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Examining participation in these programs is also important because recent research indicates that households that include a disabled veteran are at a distinct disadvantage in terms of economic well-being relative non-disabled veteran and non-veteran households.^{6–9} Taken together, the results of these studies raise important questions about veterans' utilization of veteran and civilian programs that aim to mitigate the economic consequences of disability among working-aged adults, as well as the adequacy of the provisions available through those programs.

In this paper, we use data from six panels of the Survey of Income and Program Participation (SIPP), which began between 1992 to 2008, to examine the relationship between veterans' receipt of VA service-connected disability compensation and participation in DI. There are three primary research aims:

- 1) To identify levels of veteran participation in VA disability compensation and/or DI benefit programs.
- 2) To examine program dynamics by observing veterans' transitions into and out of VA and DI programs.
- 3) To estimate the size and composition of the veteran population receiving VA and/or DI benefits over time.

Disability in the veteran population

Veterans are a sizeable and policy-relevant demographic group in the United States. In 2010, approximately 22 million Americans were veterans.¹⁰ The population of veterans includes 9.1 million people aged 65 years and older, 9.0 million people aged 45–54 years, and 4.1 million people aged 18–44 years, which represents 23%, 11%, and 4% of the total population in these age groups, respectively.¹¹ The majority of older veterans are men; however, in the past few decades, women's participation in the military has increased substantially. In 2010, nearly 1.6 million American women were veterans.¹⁰ The majority (82.5%) of veterans served during wartime: 9.5% during World War II, 11.8% during the Korean War, 34.9% during the Vietnam War, 15.8% during the first Gulf War (8/1990 to 8/2001), and 10.5% during the subsequent Gulf War operations (9/2001 or later).¹⁰

All persons who serve in the military are at risk of disabling service-related injuries, and the high rate of injury among military personnel has been a long-standing concern among military and civilian health policy makers and researchers.^{12–14} For example, Songer and LaPorte summarize the findings from their study as follows: “Disability generally appears to be significant across the services, ranging from 10 to 30 events per 1000 personnel per year depending on the service. Evidence from the data reviewed indicates that 30–50% of disability cases may be due to injury. The leading conditions that bring about board reviews and lifetime compensation appear to be lower back and knee conditions, both commonly thought to be due to

injuries. Total direct costs of compensation reached \$1.5 billion for fiscal year 1990.”¹⁵

In addition to injuries, service-connected disability can occur in other ways. Wartime service carries substantially higher risks of disability due to the physical and psychological traumas that are often associated with combat exposure.^{16,17} For women, in particular, disabilities related to military sexual trauma are a specific concern.^{18–21} Overall, recent research using the 2000 Census documents substantial levels of functional limitation and disability among both male and female veterans relative to non-veterans.²² Considering six specific functional limitations and disabilities, 30.10% of veteran women and 29.75% of veteran men have some limitation/disability (compared to 23.80% and 21.65% of non-veteran women and men, respectively). Findings based on research using data from the Health and Retirement Study (HRS) to examine men's later-life trajectories in number of health conditions, activity of daily living limitations, and self-rated health indicate that, compared to non-veterans, veterans are in better health around retirement age, but experience steeper age-related health declines.²³ Later-life health declines are particularly notable among war service veterans, who constitute the majority of the veterans in the cohorts represented in the HRS. These results suggest that military service has a long-lasting impact on the health and disability status of veterans, particularly for those who served during wartime, which may shape use of public disability compensation programs offered through the Department of Veterans Affairs and the Social Security Administration.

Veteran's eligibility for federal disability programs

According to the Department of Veterans Affairs, “disability compensation is a monthly tax-free benefit paid to Veterans who are at least 10% disabled because of injuries or diseases that were incurred in or aggravated during active duty, active duty for training, or inactive duty training.”²⁴ Disabling conditions may be physical and/or mental, including post-traumatic stress disorder and substance addiction that is secondary to a service-connected condition.^{25,26} Service-connected disability ratings are assigned on a 100% scale (in 10% increments) depending on the nature and severity of the physical or mental condition. To obtain a service-connected disability rating, the veteran must provide medical evidence of current disability and demonstrate it is related to an injury, disease, or event that occurred during military service. Generally, service-connected disability ratings are assigned close to the time the service member transitions from active-duty to veteran status, although some veterans with service-connected disability ratings remain on active-duty and policy changes sometimes allow veterans to qualify for VA disability years after separation from service.³

For those who qualify, the compensation rate is determined on the basis of the veteran's service-connected

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