

Military Construction, Veterans Affairs, and Related Agencies

End Enrollment in VA Medical Care for Veterans in Priority Groups 7 and 8

RECOMMENDATION

End enrollment in VA medical care for veterans in Priority Groups 7 and 8. This proposal saves \$5.4 billion in FY 2018.¹

RATIONALE

The Department of Veterans Affairs (VA) should focus on the unique needs of military medicine. A 2014 Congressional Research Service fact sheet revealed that more than one of every 10 VA patients is not a veteran, and the number of non-veterans using the VA's health care services has increased faster in recent years than has the number of veteran patients.² VA resources should be used solely to provide health care to veterans. The VA ranks veterans who seek medical care on a scale of one to eight, with the lower numbers being the highest priority. The groups are defined based on factors such

as income and disability status. Veterans in Priority Groups (PG) 7 and 8 do not have compensable service-connected disabilities, and their incomes tend to exceed the VA's national income threshold as well as its geographic income threshold. More than 2 million veterans with priority seven or eight are enrolled in the veterans' health care system.³ The Department should not be providing benefits for veterans in PGs 7 and 8. Scarce VA health care dollars must be spent first on veterans with the most severe disabilities.

ADDITIONAL READING

- Justin Bogie, "Congress Should Exercise Restraint in Veterans Affairs Funding Bill," Heritage Foundation *Issue Brief* No. 4548, May 17, 2016, <http://www.heritage.org/research/reports/2016/05/congress-should-exercise-restraint-in-veterans-affairs-funding-bill>.
- John S. O'Shea, "Reforming Veterans Health Care: Now and for the Future," Heritage Foundation *Issue Brief* No. 4585, June 24, 2016, <http://www.heritage.org/research/reports/2016/06/reforming-veterans-health-care-now-and-for-the-future>.

CALCULATIONS

Savings are expressed as budget authority as estimated for FY 2018 by the Congressional Budget Office: Congressional Budget Office, "Options for Reducing the Deficit: 2017 to 2026," December 8, 2016, p. 265, <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/52142-budgetoptions2.pdf> (accessed January 23, 2017).

Eliminate Concurrent Receipt of Retirement Pay and Disability Compensation for Veterans

RECOMMENDATION

Eliminate concurrent receipt of retirement pay and disability compensation for veterans. This proposal saves \$9.0 billion in FY 2018.

RATIONALE

Until 2003, military retirees were prohibited from collecting full Defense Department retirement and VA disability benefits simultaneously. Military retirees eligible for VA disability benefits lost \$1 in Defense Department retirement benefits for every \$1 in VA disability benefits they collected. The rationale for this offset policy was that concurrent receipt of retirement and disability payments was compensating veterans for the same service twice. Disability payments are meant to compensate workers when they cannot work due to a disability, whereas retirement payments are intended for people who are no longer working.

Policy changes in 2004 allowed Defense Department retirees to collect benefits from both programs simultaneously. Since enactment of the concurrent-receipt policy, the share of military retirees who also receive VA disability benefits rose from 33

percent in 2005 to just over 50 percent in 2015.⁴ A 2013 report by the U.S. Government Accountability Office (GAO) revealed that nearly 60,000 veterans received cash benefits from three different federal programs simultaneously (retirement pay from the Department of Defense, disability compensation from the VA, and Social Security Disability Insurance (SSDI)). More than 2,300 veterans received \$100,000 or more in annual benefits each, and the highest annual benefit amounted to more than \$200,000.⁵ The U.S. government should honor its promise to the men and women who serve without generating excessive benefit payouts. Simply returning to the long-standing pre-2004 policy, where veteran disability payments offset retirement pay, would reduce excessive benefits and save taxpayers \$9 billion in 2018, and \$139 billion between 2017 and 2026.

ADDITIONAL READING

- Romina Boccia, "Triple-Dipping: Thousands of Veterans Receive More than \$100,000 in Benefits Every Year," Heritage Foundation *Issue Brief* No. 4295, November 6, 2014, <http://www.heritage.org/research/reports/2014/11/triple-dipping-thousands-of-veterans-receive-more-than-100000-in-benefits-every-year>.

CALCULATIONS

Estimated savings come from: Congressional Budget Office, "Options for Reducing the Deficit: 2017 to 2026," December 8, 2016, p. 34, <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/52142-budgetoptions2.pdf> (accessed January 31, 2017). The option to "Eliminate Concurrent Receipt of Retirement Pay and Disability Compensation for Disabled Veterans" includes \$9.0 billion in mandatory spending in FY 2018.

Narrow Eligibility for Veterans' Disability Compensation by Excluding Certain Disabilities Unrelated to Military Duties

RECOMMENDATION

Narrow eligibility for veterans' disability compensation by excluding certain disabilities that are unrelated to military duties. This proposal saves \$2 billion in 2018.

RATIONALE

Disability compensation for veterans should focus on service-related conditions. Veterans are eligible for disability compensation from the VA for medical conditions or injuries that occurred or worsened during active-duty military service, as well as for conditions that were not necessarily incurred or worsened due to military service. The GAO has identified seven conditions that are unlikely to be caused or worsened by military service:⁶ (1)

arteriosclerotic heart disease, (2) chronic obstructive pulmonary disease, (3) Crohn's disease, (4) hemorrhoids, (5) multiple sclerosis, (6) osteoarthritis, and (7) uterine fibroids. This proposal would cease veterans' disability compensation for those non-service-related conditions identified by the GAO. This proposal saves \$2 billion in 2018, and \$25.7 billion from 2017 to 2026.

ADDITIONAL READING

- John S. O'Shea, "Reforming Veterans Health Care: Now and for the Future," Heritage Foundation *Issue Brief* No. 4585, June 24, 2016, <http://www.heritage.org/research/reports/2016/06/reforming-veterans-health-care-now-and-for-the-future>.

CALCULATIONS

Estimated savings come from: Congressional Budget Office, "Options for Reducing the Deficit: 2017 to 2026," December 8, 2016, p. 59, <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/52142-budgetoptions2.pdf> (accessed January 31, 2017). The option to "Narrow Eligibility for Veterans' Disability Compensation by Excluding Certain Disabilities Unrelated to Military Duties" includes \$2.0 billion in mandatory spending in FY 2018.

ENDNOTES

1. The \$5.4 billion in savings represent discretionary budget authority. This proposal would also affect mandatory spending outlays, which are not included here.
2. Erin Bagalman, "The Number of Veterans that Use VA Health Care Service: A Fact Sheet," Congressional Research Service *Report for Congress* No. 43579, June 3, 2014, <http://fas.org/sgp/crs/misc/R43579.pdf> (accessed April 14, 2016).
3. Congressional Budget Office, "End Enrollment in VA Medical Care for Veterans in Priority Groups 7 and 8," Options for Reducing the Deficit 2017–2026, December 8, 2016, <https://www.cbo.gov/publication/52142> (accessed January 3, 2017).
4. Congressional Budget Office, "Eliminate Concurrent Receipt of Retirement Pay and Disability Compensation for Disabled Veterans," Options for Reducing the Deficit 2017–2026, December 8, 2016, <https://www.cbo.gov/publication/52142> (accessed January 3, 2017).
5. Government Accountability Office, "Disability Compensation: Review of Concurrent Receipt of Department of Defense Retirement, Department of Veterans Affairs Disability Compensation, and Social Security Disability Insurance," letter to Senator Tom Coburn (R-OK), September 30, 2014, <http://www.gao.gov/assets/670/666267.pdf> (accessed September 31, 2014).
6. Government Accountability Office, "Law Allows Compensation for Disabilities Unrelated to Military Service," HRD–89–60, July 31, 1989, <http://www.gao.gov/products/GAO/HRD-89-60> (accessed on January 3, 2017).