

ISSUE BRIEF

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Triple-Dipping: Thousands of Veterans Receive More than \$100,000 in Benefits Every Year

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A new report by the U.S. Government Accountability Office (GAO) revealed that in 2013, nearly 60,000 disabled veterans received cash benefits from three different federal programs *simultaneously*.¹ 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.

Receiving concurrent benefits from three different federal programs is leading to excessive amounts for some recipients, warranting congressional action to streamline duplicative benefits.

Concurrent Receipt

It is not illegal for veterans with a disability rating of at least 50 percent, or those receiving combat-related disability compensation, to collect retirement pay from the Department of Defense, disability compensation from the Department of Veterans Affairs (VA), and Social Security Disability Insurance (SSDI) all at the same time. 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.

Policy changes in 2004 allowed Defense Department retirees to collect benefits from both programs simultaneously. Advocates for concurrent receipt argued that military retirement and disability benefits compensated veterans for two separate parts of their service and thus should not be mutually exclusive. 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 47 percent in 2013.²

Interaction with Social Security Disability Insurance

Eligible veterans who receive military retirement pay and VA disability compensation may further supplement their income with Social Security disability benefits. Ideally, veterans would be covered by the VA disability system for service-connected impairments and by SSDI for non-service-related disability. In practice, SSDI considers all impairments when assessing benefit eligibility, whether service-connected or not, which is why some veterans may receive benefits for the same impairment from both systems.

Similarly, disabled workers who receive worker's compensation for disabilities can qualify for SSDI for disabilities caused by or arising from their work. The Social Security Administration (SSA) caps total benefits at 80 percent of beneficiaries' average earnings prior to the onset of disability. In practice, the SSA considers worker's compensation and other public benefits in a total benefit calculation and reduces SSDI benefits if the total benefit were to exceed 80 percent of the beneficiaries' prior average

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earnings.³ The SSA does not consider veteran benefits in its total benefit calculation. SSDI benefits for veterans are not reduced, no matter how much they receive from VA disability payments and military retirement. This creates a curious policy discrepancy between the treatment of worker's disability compensation and VA disability compensation.

Excessive Benefits for Some

The GAO report identified 59,251 individuals who received concurrent benefit payments from the Defense Department, the VA, and SSDI. Nearly half of the individuals were age 60 or older, and older individuals were also more likely to receive benefits in excess of their prior earnings. Among the seven cases the GAO chose to illustrate different benefit levels, the majority received total benefits in excess of their previous Defense Department salaries. One example: A 54-year-old who retired in 1997 after 20 years in the military collected \$122,887 in total benefits in 2013—nearly three times the amount someone working at this pay grade (E6: \$43,808) would earn.⁴

Incentives and Swelling Disability Rolls

Disability rolls have swelled steeply over the past decade. According to the Congressional Budget Office (CBO), the number of veterans receiving disability payments rose by almost 55 percent from 2000 to 2013, despite a 17 percent decline in the total population of living veterans. Federal spending on the VA's disability program has nearly tripled over that same period.⁵ Media reporting has raised seri-

ous questions about how much of the increase in disability cases is due to worse health among veterans versus more lenient agency decision making.⁶ A 2014 paper in *Psychological Injury and Law* identified “collusive lying” between disability-benefits applicants and VA staff as one possible problem.⁷

Congressional Action

Senator Tom Coburn (R-OK), who requested the study by the GAO, commented: “This report shows that, like other government programs, there is little coordination between these overlapping benefits, which increase cost[s] to taxpayers. We should fulfill our promises to the men and women who serve, but we need to streamline these duplicative programs.”⁸

There are two main changes to veteran disability compensation that Congress should consider:

- **Eliminate concurrent receipt of retirement pay and disability compensation for veterans.** Simply returning to the long-standing pre-2004 policy, where veteran disability payments offset retirement pay, would reduce excessive benefits and save the federal government \$119 billion between 2015 and 2024.⁹
- **Include veteran benefits in the SSA's calculation to reduce SSDI benefits if total benefits exceed 80 percent of prior average earnings.** As is the case for worker's compensation and other public benefits, the SSA should include veteran benefits in its calculation of the 80 percent prior

1. 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).

2. Congressional Budget Office, “Veterans' Disability Compensation: Trends and Policy Options,” August 2014, https://www.cbo.gov/sites/default/files/45615-VADisability_2.pdf (accessed November 3, 2014).

3. Social Security Administration, “How Worker's Compensation and Other Disability Payments May Affect Your Benefits,” <http://www.ssa.gov/pubs/EN-05-10018.pdf> (accessed November 3, 2014).

4. Government Accountability Office, “Disability Compensation.”

5. Congressional Budget Office, “Veterans' Disability Compensation: Trends and Policy Options.”

6. Alan Zarembo, “As Disability Awards Grow, So Do Concerns with Veracity of PTSD Claims,” *Los Angeles Times*, August 3, 2014, <http://www.latimes.com/local/la-me-ptsd-disability-20140804-story.html#page=1> (accessed November 3, 2014).

7. Arthur C. Russo, “Assessing Veteran Symptom Validity,” *Psychological Injury and Law*, Vol. 7, No. 2 (June 2014), pp. 178-190, <http://link.springer.com/article/10.1007/s12207-014-9190-2> (accessed November 3, 2014).

8. Stephen Dinan, “Veterans Caught Triple-Dipping on Benefits,” *The Washington Times*, October 30, 2014, <http://www.washingtontimes.com/news/2014/oct/30/veterans-caught-triple-dipping-on-benefits/?page=1> (accessed November 5, 2014).

9. Congressional Budget Office, “Veterans' Disability Compensation: Trends and Policy Options.”

average earnings cap, which determines whether and how much in SSDI benefits the agency pays to eligible beneficiaries.

Congress should also review the VA's disability decision-making process to rein in unnecessary benefit awards and focus VA disability benefits on veterans who suffer from a disability that was either caused or aggravated by military service.

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