

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a light blue color. The hourglass is centered on the page.

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Veterans Benefits: An Overview

Carol D. Davis, Knowledge Services Group; Sidath Viranga Panangala and Christine Scott, Domestic Social Policy Division

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Abstract. The Department of Veterans Affairs (VA) offers a wide range of benefits and services to eligible veterans, members of their families, and survivors of deceased veterans. VA programs include disability compensation and pensions, readjustment benefits, and health care programs. The VA also provides life insurance, burial benefits, housing and other loan guaranty programs, and special counseling and outreach programs. While eligibility for specific benefits varies, veterans generally must meet requirements related to discharge type and length of active duty military service. This report provides an overview of major VA benefits and the VA budget.

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CRS Report for Congress

Veterans Benefits: An Overview

Carol D. Davis
Knowledge Services Group

Sidath Viranga Panangala and Christine Scott
Domestic Social Policy Division

Summary

The Department of Veterans Affairs (VA) offers a wide range of benefits and services to eligible veterans, members of their families, and survivors of deceased veterans. VA programs include disability compensation and pensions, readjustment benefits, and health care programs. The VA also provides life insurance, burial benefits, housing and other loan guaranty programs, and special counseling and outreach programs. While eligibility for specific benefits varies, veterans generally must meet requirements related to discharge type and length of active duty military service. This report provides an overview of major VA benefits and the VA budget. It will be updated as events warrant.

Introduction

The provision of various post-service benefits to military veterans dates back to the period before the Revolutionary War. Since 1789, Congress has expanded the range of benefits available to veterans through the passage of a multitude of laws. This report highlights the major benefits offered by the Department of Veterans Affairs (VA) and provides further references where appropriate. It concludes with a summary of the VA budget authority and the number of beneficiaries from FY1980 through FY2007.

Veterans Benefits

Disability Benefit Programs. Disability compensation is paid to veterans who have disabilities from injuries and illnesses that were incurred during, or aggravated by, active duty military service.¹ The individual monthly disability compensation payment is determined by the veteran's disability rating, whether the veteran has a spouse or other

¹ For more information on eligibility for disability benefit programs for veterans, see CRS Report RL33113, *Veterans Affairs: Basic Eligibility for Disability Benefit Programs*, and CRS Report RL33323, *Veterans Affairs: Benefits for Service-Connected Disabilities*, both by Douglas Reid Weimer.

dependents, and whether the veteran has a disability entitling him or her to special monthly compensation (SMC) because of the loss, or loss of the use of, certain extremities or organs as a result of active duty military service. Disability ratings generally range from 10% to 100% in 10% intervals and are based on the presumed average impact of the disability on employment or earnings capacity; however, some disabilities are given a zero-percent rating.² Disabled veterans may also be eligible for vocational rehabilitation, grants for adaptive housing and automobiles, and a clothing allowance. Dependency and indemnity compensation (DIC) is paid to the surviving dependents of veterans who died as a result of service-connected causes; certain totally (100%) disabled veterans who died as the result of nonservice-connected causes; and servicemembers who died on active duty. In FY2007, about 2.8 million disabled veterans and 333,000 survivors received \$33.6 billion in compensation payments.³

Veterans' Pensions. Veterans' pensions⁴ are means-tested cash benefits that are paid to veterans who served during a period of war and have become permanently and totally disabled from nonservice-connected causes or are elderly (over age 65), and to the survivors of such veterans. Veterans must also meet income or net worth criteria to be eligible for VA pensions. Under the current pension program (also known as the Improved Disability Pension program), benefits⁵ are based on family size, and the pensions provide a floor of income. Almost all sources of income, including Social Security benefits, are subtracted from the basic pension benefit. Although Supplemental Security Income (SSI) payments are not subtracted from the basic VA pension benefit, all veterans' benefits (including pension benefits) are counted as income for the SSI program. In FY2007, 325,378 veterans and 198,047 survivors received \$3.7 billion in veterans' pension payments.⁶

Readjustment Benefits. Several VA programs support readjustment, or education, job training, and vocational rehabilitation, benefits for veterans and military personnel who meet certain eligibility criteria. The largest of these programs is the Montgomery GI Bill (MGIB). The MGIB provides educational assistance to persons who, as members of the Armed Forces or the Selected Reserve, elected to participate in the program since June 30, 1985. The purposes of the MGIB are to aid servicemembers leaving the Armed Forces in their readjustment to civilian life, to provide an incentive for the recruitment and retention of qualified personnel in the Armed Forces, and to develop a more educated and productive workforce.

² Links to current and historical monthly benefit rate tables for disability compensation can be found on the VA Website at [<http://www.vba.va.gov/bln/21/Rates/>].

³ Department of Veterans Affairs, *FY2009 Budget Submission, Benefits and Burial Programs and Departmental Administration*, Volume 3 of 4, p. 2A-3, available at [http://www.va.gov/budget/summary/2009/Volume_3-Benefits_and_Burial_and_Dept_Admin.pdf].

⁴ For more information on veterans' pensions, see CRS Report RS22804, *Veterans' Benefits: Pension Benefit Programs*, by Carol D. Davis and Christine Scott.

⁵ Links to current and historical monthly benefit rate tables for VA pensions can be found on the VA Website at [<http://www.vba.va.gov/bln/21/Rates/>].

⁶ Department of Veterans Affairs, *FY2009 Budget Submission, Benefits and Burial Programs and Departmental Administration*, Volume 3 of 4, p. 2A-3, available at [http://www.va.gov/budget/summary/2009/Volume_3-Benefits_and_Burial_and_Dept_Admin.pdf].

To participate in the MGIB, active duty military personnel contribute \$100 per month for the first 12 months of enlistment. Eligibility depends on the veteran having made the required monthly contributions and having met a minimum length of active duty service requirement, which is determined by the length of the service obligation. Benefit levels are determined by the type of training sought (institutional, apprenticeship, or on-the-job) and enrollment status (full-time or part-time). A servicemember earns one month in MGIB benefits for each month of active duty service, up to a maximum of 36 months.⁷ In FY2007, spending for VA readjustment programs was \$3.3 billion (**Table 1**). In addition to the benefits and services provided by the VA, the Department of Labor provides employment counseling and job training for veterans.⁸

Housing and Homeless Benefits. The VA provides housing benefits for veterans, such as guaranteed and direct loan programs that enable veterans to purchase homes.⁹ In FY2007, the VA guaranteed 129,261 loans at a cost of \$24.2 billion and provided 1,143 direct loans at a cost of \$118.6 million.¹⁰

Several federal programs have been created to aid homeless veterans, whose numbers were estimated at 154,000 in January 2007. In FY2007, the federal government spent about \$282 million for homeless veterans' programs, covering such areas as health care, employment services, and housing.¹¹

Health Benefits. Veterans generally must enroll in the VA health care system to receive inpatient and outpatient medical care. Eligibility for enrollment is based primarily on previous military service, disability, and income. VA provides free inpatient and outpatient medical care to veterans for service-connected conditions and to low-income veterans for nonservice-connected conditions. For 2008, a veteran with an income of \$28,429 or less with no dependents, or \$34,117 or less with one dependent (add \$1,909 for each additional dependent), is eligible to receive free medical care. The FY2008 National Defense Authorization Act (P.L. 110-181) extended from two to five years the eligibility period for enrollment for those veterans who served in a combat theater of operations after November 11, 1998. Therefore, active duty, National Guard and Reserve servicemembers returning from Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) may, after their most recent discharge from active duty, enroll in the VA health care system for free VA medical care for a period of five years for conditions

⁷ For more information on the Montgomery GI Bill (MGIB) program, see CRS Report RL33281, *Montgomery GI Bill Education Benefits: Analysis of College Prices and Federal Student Aid Under the Higher Education Act*, by Charmaine Mercer. Information on the MGIB monthly benefit rates can be found at [https://www.gibill.va.gov/GI_Bill_Info/rates.htm].

⁸ For more information on veterans' programs offered by the Department of Labor, see CRS Report RS22666, *Veterans Benefits: Federal Employment Assistance*, by Christine Scott.

⁹ For information on the veterans' guaranteed housing loan program, see CRS Report RS20533, *VA-Home Loan Guarantee Program: An Overview*, by Bruce E. Foote and Meredith Peterson.

¹⁰ Department of Veterans Affairs, *FY2009 Budget Submission, Benefits and Burial Programs and Departmental Administration*, Volume 3 of 4, p. 2E-14, available at [http://www.va.gov/budget/summary/2009/Volume_3-Benefits_and_Burial_and_Dept_Admin.pdf].

¹¹ For more information on homeless veterans' programs, see CRS Report RL34024, *Veterans and Homelessness*, by Libby Perl.

that are, or may be, related to their combat service. Following this initial five-year period, these veterans may continue their enrollment in the VA health care system, but they may be subject to applicable copayments for nonservice-connected conditions.¹²

VA provides a comprehensive medical benefits package to all enrolled veterans. Broadly, this includes preventive care services (e.g., immunizations, physical examinations, health care assessments, and screening tests); inpatient and outpatient medical care, surgery, and mental health care, including care for substance abuse; prescription drugs, over-the-counter drugs, and medical and surgical supplies; and durable medical equipment and prosthetic and orthotic devices, including eyeglasses and hearing aids. VA provides this care through 155 medical centers, 135 nursing homes, 717 ambulatory care and community-based outpatient clinics (CBOCs), 45 residential rehabilitation treatment programs, and 209 Vet Centers (generally these are community-based, non-medical facilities that offer counseling services). Under certain circumstances, VA also pays for care provided to veterans by independent providers and practitioners on a fee basis. Eligible dependents of veterans receive inpatient and outpatient care in the private sector under the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA).¹³ In addition, VA provides grants for the construction of state-owned veterans' nursing homes and domiciliary facilities and collaborates with the Department of Defense (DOD) in sharing health care resources and services.

In general, VA provides nursing home care to veterans with service-connected conditions that are clinically determined to require nursing home care and to veterans with service-connected disabilities that are rated 70% or more. The department may also provide VA nursing home care to other veterans if space and resources are available. In FY2007, VA health care programs cost \$36.2 billion (**Table 1**). VA medical services were provided to about 5.1 million "unique patients,"¹⁴ resulting in about 811,000 inpatient episodes and 63 million outpatient visits (**Table 2**).

¹² For more information on veterans' medical care, see CRS Report RL33993, *Veterans' Health Care Issues*, by Sidath Viranga Panangala.

¹³ For more information on the CHAMPVA program, see CRS Report RS22483, *Health Care for Dependents and Survivors of Veterans*, by Sidath Viranga Panangala and Susan Janeczko.

¹⁴ "Unique patients" include individuals other than veterans who are eligible for VA medical care.

**Table 1. Budget Authority For Veterans Benefits And Services,
Department of Veterans Affairs, FY1980-FY2007**
(millions of dollars)

| Fiscal Year | Compensation and Pension Benefits ^a | Readjustment Benefits ^b | Health Care ^c | Other Benefits, Services, and Administration ^d | Total Budget Authority |
|-------------|--|------------------------------------|--------------------------|---|------------------------|
| 1980 | \$11,202 | \$2,319 | \$6,007 | \$1,024 | \$20,552 |
| 1981 | 12,592 | 2,290 | 6,533 | 1,044 | 22,459 |
| 1982 | 13,824 | 1,939 | 7,302 | 1,161 | 24,225 |
| 1983 | 13,431 | 1,666 | 7,980 | 1,531 | 24,607 |
| 1984 | 14,127 | 1,453 | 8,529 | 1,525 | 25,634 |
| 1985 | 14,168 | 1,138 | 9,202 | 1,879 | 26,387 |
| 1986 | 14,427 | 878 | 9,363 | 1,563 | 26,230 |
| 1987 | 14,445 | 741 | 9,983 | 1,436 | 26,605 |
| 1988 | 14,832 | 808 | 10,345 | 2,257 | 28,242 |
| 1989 | 15,461 | 620 | 11,146 | 2,118 | 29,345 |
| 1990 | 15,555 | 498 | 11,696 | 2,029 | 29,778 |
| 1991 | 16,397 | 1,004 | 12,604 | 2,519 | 32,525 |
| 1992 | 16,342 | 635 | 13,908 | 2,272 | 33,158 |
| 1993 | 16,969 | 814 | 14,962 | 2,409 | 35,155 |
| 1994 | 17,526 | 1,051 | 15,974 | 2,229 | 36,780 |
| 1995 | 17,627 | 1,287 | 16,480 | 2,073 | 37,466 |
| 1996 | 18,432 | 1,345 | 16,863 | 1,995 | 38,635 |
| 1997 | 19,599 | 1,377 | 17,337 | 1,741 | 40,054 |
| 1998 | 20,483 | 1,366 | 18,056 | 1,782 | 41,687 |
| 1999 | 21,857 | 1,175 | 18,236 | 1,870 | 43,138 |
| 2000 | 21,568 | 1,469 | 19,871 | 1,911 | 44,819 |
| 2001 | 23,356 | 1,981 | 21,415 | 1,913 | 48,665 |
| 2002 | 26,044 | 2,135 | 23,028 | 2,288 | 53,495 |
| 2003 | 28,949 | 2,265 | 25,836 | 2,624 | 59,673 |
| 2004 | 29,845 | 2,530 | 28,824 | 2,626 | 63,825 |
| 2005 | 32,608 | 2,556 | 31,642 | 2,630 | 69,436 |
| 2006 | 33,898 | 3,309 | 31,511 | 5,019 | 73,737 |
| 2007 | 38,172 | 3,262 | 36,222 | 4,357 | 82,014 |

Source: Table prepared by the Congressional Research Service (CRS) based on data obtained from the General Administration & Coordination Service, Office of the Budget, Department of Veterans Affairs.

- a. Includes compensation and pensions for veterans and survivors, burial obligations, clothing allowances, and other special compensation for children of certain categories of veterans.
- b. Includes educational benefits for veterans, reservists, and dependents; vocational rehabilitation; tuition assistance; grants to state approving agencies for MGIB benefits; and grants for adapted housing, automobiles, and equipment.
- c. Budget authority for the Veterans Health Administration. Aside from direct appropriations for medical care, VA has been able to supplement its appropriations through Medical Care Collections Fund (MCCF) collections. These include inpatient, outpatient, medication, and nursing home copayments from veterans and third-party payments recovered from veterans' insurers. Since FY1998 (the first year VA started retaining these collections), VA has utilized these collections to provide medical services to veterans. MCCF totals are included in budget authority figures from FY1998 forward.
- d. Includes insurance programs, housing and other loan guaranty programs, and administration. Beginning in FY2006, this category also includes information technology, which was previously reported as part of each program.

**Table 2. Number of Recipients of Veterans Benefits and Services,
FY1980-FY2007**
(in thousands)

| Fiscal Year | Compensation and Pensions | Readjustment, Education, and Job Training | Medical Care | | Housing Loan Programs |
|-------------|---------------------------|---|------------------------|-------------------------|-----------------------|
| | | | Inpatient ^a | Outpatient ^b | |
| 1980 | 4,646 | 1,233 | 1,359 | 17,930 | 297 |
| 1981 | 4,535 | 1,081 | 1,360 | 17,809 | 188 |
| 1982 | 4,407 | 906 | 1,358 | 18,510 | 103 |
| 1983 | 4,286 | 755 | 1,401 | 18,616 | 245 |
| 1984 | 4,123 | 629 | 1,412 | 19,601 | 252 |
| 1985 | 4,005 | 492 | 1,435 | 20,188 | 179 |
| 1986 | 3,900 | 419 | 1,462 | 21,635 | 314 |
| 1987 | 3,850 | 365 | 1,466 | 21,635 | 479 |
| 1988 | 3,762 | 352 | 1,224 | 23,233 | 235 |
| 1989 | 3,686 | 349 | 1,153 | 22,629 | 190 |
| 1990 | 3,614 | 360 | 1,113 | 22,600 | 196 |
| 1991 | 3,546 | 322 | 1,072 | 23,007 | 181 |
| 1992 | 3,462 | 388 | 988 | 23,902 | 266 |
| 1993 | 3,397 | 438 | 974 | 24,236 | 383 |
| 1994 | 3,351 | 472 | 963 | 25,443 | 602 |
| 1995 | 3,332 | 476 | 930 | 27,565 | 263 |
| 1996 | 3,315 | 475 | 850 | 30,055 | 292 |
| 1997 | 3,290 | 480 | 700 | 32,648 | 239 |
| 1998 | 3,270 | 479 | 632 | 35,777 | 369 |
| 1999 | 3,254 | 458 | 752 | 37,799 | 396 |
| 2000 | 3,241 | 459 | 718 | 39,266 | 176 |
| 2001 | 3,220 | 485 | 729 | 43,808 | 253 |
| 2002 | 3,246 | 559 | 746 | 47,032 | 295 |
| 2003 | 3,328 | 554 | 742 | 50,756 | 522 |
| 2004 | 3,396 | 582 | 761 | 54,776 | 271 |
| 2005 | 3,476 | 591 | 811 | 58,236 | 162 |
| 2006 | 3,548 | 587 | 774 | 60,194 | 139 |
| 2007 | 3,646 | 610 | 811 | 62,936 | 130 |

Source: Table prepared by the Congressional Research Service (CRS) based on data obtained from the General Administration & Coordination Service, Office of the Budget, Department of Veterans Affairs.

a. Patients treated is the sum of discharges and deaths during the reporting period plus patients remaining as bed occupants or absent bed occupants at the end of the reporting period.

b. Visits for outpatient care.