Introduction

VETERANS DISABILITY COMPENSATION was conceived in a phrase tucked into the closing of Abraham Lincoln's second inaugural address in 1865. Speaking before thousands on a muddy spring day, the president expressed his gratitude to the grieving families and those who had sacrificed life and limb to keep the nation whole. It was the nation's obligation, he believed, "to care for him who shall have borne the battle." Today, his words are honored by a plaque at the entrance of the Department of Veterans Affairs headquarters in Washington, D.C., which has assumed the charge of helping make former soldiers, and their families, whole.

To this day, the nation stands overwhelmingly behind the sentiment Lincoln conveyed. When men and women are maimed by battle, they deserve the best care we the people can muster to return them to health and compensate them for whatever cannot be restored. Unfortunately, the path of care and compensation leads into a quagmire of despair and dysfunction.

America has allowed itself to grow apart from its service members. The military is respected, honored, even revered in our culture, yet too often the engagements are shallow and extractive. Companies advertise their support for soldiers to boost business. Politicians pay tribute to the troops for an applause line. Most damaging of all, the public's perception of its veterans has become a convoluted caricature, saddled with battle wounds—those that can be seen, and those that can't. Too frequently the picture zooms in to focus on their disabilities. And, on paper, the nation's veterans are sicker today than ever.

- Between 2000 and 2020, the number of veterans receiving disability benefits nearly doubled, even as the overall veteran population fell by about a third, from 26.4 million to 18 million.[1]
- 36 percent of veterans from the post-9/11 service era are disability recipients, compared to 11 percent after World War II.[2]
- They are assessed to be more disabled, on average receiving compensation for 7.96 conditions, compared to the World War II cohort's 2.4.[3]
- Since 2000, the number of veterans rated at 70 to 100 percent disability, the most severe category of impairment, has increased nearly *seven-fold.* [4]
- As a percentage, more veterans today are compensated for disabilities than ever before in the VA's history.

These numbers paint a bleak outlook, but the picture is a distortion. The reality is that the VA disability apparatus has strayed from its purpose and lost sight of its mission. Military physicians balk at the stream of patients who arrive with no desire to improve, wishing only to log their ailments for compensation. VA doctors cringe when they see vets "performing symptoms" and internalizing ailments in response to the incentives offered for being disabled but fear the backlash they will face if they speak out. "There's a great many veterans pretending to have fictitious conditions," said one VA examiner. "And a great many doctors pretending to treat them."

Millions of veterans have been folded into a VA disability model that reflects a flawed understanding of human nature, an outdated view of current medical capabilities, and an antiquated assessment of the labor market. It operates like a misguided assembly line churning out diagnoses of disability and applying bandages of cash in lieu of the rehabilitative care veterans deserve.

The impact of a disability diagnosis can be serious and lasting; it can disrupt a person's identity, limit their opportunities, and constrict their vision for the future. But far too often, disability is both a symptom and a disease among veterans. Disability has become a way to reinforce destructive stereotypes and resist proven methods of recovery. It has become a means of cloaking a grab at entitlements and a back door out of the civilian workforce in a robe of virtue. It has become a story the country is too eager to believe and retell, before even checking to see if it is right.

As more vets are approved for disability, economists rue the shrinking of America's labor supply. Military service members come from the best and the brightest of our nation's youth. They are physically and mentally capable individuals with the proven tenacity to endure challenges, and they possess valuable skills gained through military training and experience. The significance of their actual and potential contribution to the workforce is hard to overstate, yet an alarming number are taking a seat on the sidelines of society, as if they have nothing to offer and nothing to gain.

Psychologists and medical experts have been sounding alarm bells for years, warning anyone who will listen that the disabling conditions that get the most attention don't have to be disabling at all, and they certainly don't have to be permanent. Good science gets shouted down when it conflicts with the overarching narrative that veterans are impaired and broken and cannot hope to be anything more than what is captured in their disability rating.

Meanwhile, inside service halls and online chat rooms, vets advise and congratulate one another on raising their disability levels and achieving the ultimate prize: 100 percent disability. Years into dependency, some, in moments shaken from stupor, wonder where their livelihoods have gone. Said one veteran, "I feel like discarded government waste."

Since 2000, VA spending on disability compensation has more than tripled and become the organization's largest expenditure. In 2021, the VA is projected to spend more than $105 billion on disability benefits—twice the combined value of Delta and American Airlines.[5] It is spending more on veterans disability today than it is spending on rehabilitation programs, than it is spending on education and re-training, than it is spending on all the services covered under veterans health care. In fact, the VA spends more on veterans staying sick than veterans getting better.

Service members returning to civilian life deserve a better system, and so does the country.

Policymakers recall the flashes when reform seemed possible, when a fix appeared within reach and they could have done more, but the path to reform has always been a political minefield, strewn with failed efforts and professional blowback. Powerful interests suppress even the mention of new ideas, and many with the duty to lead have learned to stay away. When a senior VA official was asked about pushing for a more recovery-oriented disability department, she responded, “Oh no, I will not touch that. I am simply focused on making the system run.” Anything more, she insisted, “is too hard to do.”

Inside the chambers of D.C. politics, the most controversial issues earn the moniker “third rail.” Nobody wants to touch them because no one wants to get shocked. Nothing produces quite the same charge as trying to grapple with the growth of veterans entitlements. The purpose of this book is to shake loose the paralysis and diagnose the problem for what it is. The aim of this book is to seize the third rail of the veterans disability assessment system with both hands.

Epilogue – by Daniel M. Gade

AS DEMONSTRATED in these pages, reform to the VA's disability compensation system is crucial to ensuring that veterans can lead lives of meaning, purpose, and value. The current system disempowers veterans and treats them as a victim class rather than placing them in the driver's seat of their own transitions from active service to civilian life. For some veterans, this transition is accompanied by significant physical or mental health challenges, making successful transition simultaneously more difficult and more important. For each of the veterans profiled in this book, the transition was different: Molly is not Marco, who is not Tyson. Treating them as if they were all the same is the first of many points of failure, and systems should be scalable and adaptable to the individual needs of each veteran.

Serious government reform is difficult. Reform of the VA might be the most difficult of all, and attempts at it are typically destroyed in short order. Rethinking the approach threatens the lifeblood of entrenched interest groups and politicians who serve them in order to be re-elected. A close look at almost any change shows that what survives the legislative and rule-making process are usually additions to existing programs or the creation of new programs; in effect, the VA grows like a coral reef, adding a little bit here and a little bit there. VA programs are almost never eliminated or significantly reformed. These accretions over time have created a VA system that is huge, unwieldy, and illogical, as well as being politically protected and exceptionally expensive.

Before examining a few of the failed attempts to reform the VA, it will be useful to review the reasons behind those failures. First, the VA is beset by possibly the most powerful, organized, and motivated interest groups in Washington. Those interest groups are able to claim a kind of moral superiority because of their military service (signified by special hats, pins, and other regalia). Unlike other interest groups with social power (say, the NRA or Planned Parenthood), veteran-related interest groups are explicitly "chartered" by the VA and thus are a quasi-official part of the structure of the VA itself. The economist Randall Holcombe, quoted in *Paid Patriotism*, calls veterans "the first organized interest group that was able to use the political process to systematically transfer large sums of money to themselves through the political system…"[1]

Second, non-veteran citizens generally view the military and veterans with a deference that translates into additional political power. The military is consistently one of the most respected sectors of American life, ranking just behind doctors, scientists, and firefighters in the public eye.[2] With respect comes deference, and groups translate that deference into action on their own behalf.

Third, the military and veteran spheres have their own culture and language which is famously incomprehensible and opaque. This makes reform difficult because the groups who are against reform are in charge of the language. The term "service-connected disabled veteran" is used to describe not just those seriously maimed in a training accident or combat situation, but also for those with minor conditions, like

tinnitus, that were diagnosed during service and thus attributed to service. In the mind of the uninformed observer, the "disabled veteran" license plate is a signifier of meaning well beyond tinnitus or sore knees. Some organizations capitalize on this further by displaying photos of multiple amputees on their posters, obfuscating the fact that combat amputees make up a vanishingly small percentage of the overall population of veterans.

Finally, the political parties themselves are complicit in the beatification of veterans and the desire to bend to their wishes, but for opposite reasons. The political right, tied as it is to 'patriotism' and its highest expression in military service, never opposes any veteran-related spending or expansion. The political left views the veterans class as misguided yet basically innocent victims of a repressive system, and is deeply invested in the VA's system of "enlistment-to-grave" care as a prototype of their desired single-payer health system.

The growth of the VA and associated programs, benefits, and services for veterans has been ongoing for more than 200 years.[3] In 1818, Congress passed a pension bill that provided monthly benefits for Continental Army veterans, amidst some controversy driven by opposition based on fear of a standing army and the now-quaint idea that every man should live "by the sweat of his own brow." The flood of pension applications overwhelmed the country, and caused the share of the federal budget that went to veterans to shoot to 16 percent. After the Civil War, Union veterans were granted benefits for injury, of course, and benefits to the families of the fallen soon followed. But what followed after that was the same as what we see today: a focused effort by lobbyists and organizations to get "their fair share," resulting in expansion of veterans programs of all types. By 1893, pensions accounted for over 40 percent of federal spending.[4] In Washington, consensus between the left and right is rare. However, on this issue, both sides agree that veterans "deserve" whatever they demand.

The most famous feature of the veterans disability system did not become law until 1864, when compensation rates became dependent on the severity of the disability. Loss of sight in both eyes, loss of both feet, and loss of both hands were all compensable: new disabilities soon followed. Policy makers quickly realized that they had created a colossus that was doomed to failure, and even recognized the perverse incentives that these systems create. In 1871, Pension Commissioner Baker observed that "Many disabilities…are disappearing by recuperative energies, and the pensioner, reluctant to lose his gratuity, oftentimes tries to fortify himself by evidence, which only consumes the time and labor of the office to no purpose."[5] Based in part on these concerns, Congress in 1872 tried to publish a list of all pensioners as a disincentive to fraudulent claims—an early and blunt attempt at reform that died in the Senate.

With the formation and increasing power of the veterans lobby in late-1800s came a flood of attempts to loot the treasury. Some of these attempts passed and some failed; in 1887 President Cleveland vetoed a bill that would have given $12 per month to all veterans of any war (Confederacy excluded) who had become disabled *by any cause for any reason*. This brief pause in expansion was quickly overcome when a similar bill passed and was signed by President Harrison in 1890. There was some public outcry: in

those days it was expected that able-bodied men were to provide for themselves, but those who opposed unchecked expansion were shouted down as ingrates or worse.[6]

The Spanish-American War and the Indian Wars of the late-1800s continued this pattern, but the floodgates did not truly open until after the Great War, with US involvement from 1917-1918.[7] After that war, the American Legion and other groups agitated for a large bonus for their lost wages during the war. Amid some back-and-forth, the bill became law in May 1924, and offered a bonus to be payable in 1944. The Great Depression, however, intervened and the starving and impoverished men (and a few women and families) descended on Washington, D.C. in several infamous "Bonus Marches" which were eventually broken up by force of arms. Nevertheless, the political gauntlet had been thrown: veterans were officially a force to be reckoned with, and were unapologetic about demanding their due.

The first of two major reform efforts over the past sixty years was the Bradley Commission, launched in 1956 and chaired by Omar Bradley, the five-star general of World War II fame. General Bradley's commission was unsparing in its critique of the disability system, its perverse incentive structure, and fundamental incoherence: "[Changing conditions of national defense force] us to reshape our traditional concepts of military service as the basis for special privileges and benefits."[8] The report went on: "Our present structure of veterans programs is not a 'system.' It is an accretion of laws based largely on precedents built up over 150 years of piecemeal development. The public at large has taken little interest and the laws have been enacted in response to minority pressures."[9] Perhaps the most damning sentence in the entire report is one that flies in the face of modern sensibilities and certainly was controversial even then: "…it cannot justifiably be contended that all sacrifices, however small and transient, by those in the Nation's military service should establish entitlement to monetary claims and special privileges."[10]

The Bradley Commission's doomed report recommended several fundamental reforms. First, it rightly pointed out that disability reforms had never reached the "core of the problem" and that rating standards, presumptions, and follow-ups were insufficient to bring the program to internal consistency. The Bradley Commission argued that the goal of this and all disability programs should be to return the disabled person to functionality in society. Another major reform, to which we will return shortly, would have synchronized the compensation that veterans receive based on their non-combat service with regular Social Security payments. In other words, it would cease the practice of privileging military service above any other kind of jobs for long-term pension purposes. In any case, these reform ideas went nowhere.

The next major reform effort was sparked by a *Washington Post* exposé of conditions at Walter Reed Army Medical Center in 2007 (ironically, not a VA facility at all). The President's Commission on Care for Returning Wounded Warriors—co-chaired by former Senator Bob Dole and former Secretary of HHS Donna Shalala, and called the Dole-Shalala Commission) proposed additional major reforms. First, it proposed that disability pay be separated into two parts: loss of earnings and quality-of-life. Given the

agency's legal purpose to compensate for average loss of earnings, this proposal recognized the absurdity of some parts of the disability "system." That it currently compensates for quality of life issues like the loss of a penis or mere minor facial scarring stretches the legal justification. The Dole-Shalala recommendation would have given a substantial payment for the veteran whose penis was a casualty of war and returned the program to its legal foundation.

Only the quality-of-life payment would continue after the veteran began to receive Social Security, reducing the double-dipping that some veterans do. (Some veterans even "triple dip" by getting Social Security disability, military retirement, and VA compensation—sometimes for the same disability.) Other reforms were more modest but essentially in line with the spirit of the earlier Bradley Report. Despite the bipartisan credibility and Washington clout of the co-chairs, the Dole-Shalala report went nowhere (except for one small recommendation to assign recovery coordinators for the most seriously injured).

Reforms since the late-2000s have been spotty and anemic. After leaving the White House and returning to graduate school for my PhD, I worked as a "Special Government Employee" on the VA's Advisory Committee on Disability Compensation (ACDC) from late-2008 to around 2013. The ACDC's mandate, springing out of federal law, is "To provide advice to the Secretary of Veterans Affairs on establishing and supervising a schedule to conduct periodic reviews of the VA Schedule for Rating Disabilities (VASRD)." In reality, it soon became clear, the ACDC was largely focused on supervising a revision of the VASRD that would simply clear out a few obsolete diagnoses—diseases which no longer occur or have been folded into other diseases from a diagnostic perspective—while rubber-stamping increases in a variety of other disability diagnoses and ensuring that claims were processed accurately and quickly. In the whispered back-room conversations to which I was personally privy, the disability system was acknowledged as a one-way ratchet. Only higher payments and increased ratings were to be recommended.

In this context, "accurate" simply meant that the veteran was awarded compensation in accordance with the way the schedule was written, not that his condition was, in fact, as severe as the claims he made. The word "quickly," in this context, meant precisely that: the VA soon adopted an informal policy of approving claims with limited oversight. Allison Hickey, former VA Undersecretary for Benefits, was clear about this definition, once telling the department's Advisory Committee that the "backlog" was the primary concern, not whether there were a few (or many) undeserving veterans in the queue.[11] For that reason, claims processors were pressured to put as many claims through the system as they could.

That brings us to the present day, which looks similar to each and every day of the past hundred years. The VA has made some marginal changes to the system, such as allowing veterans with denied claims to choose their route of appeal, but the basics of the system remain the same: veterans are paid to be sick, and paid more the sicker or more disabled they can show themselves to be.[12] As I hope we have shown, this is a powerfully

negative force in the lives of many veterans. To say it bluntly: the VA system robs veterans of vitality and then looks everywhere else for reasons for the current suicide crisis except in the halls of Congress and the VA itself.

THE FACT that this system has remained largely unchanged for so long shows that it is quite durable. This is a testament to its political viability and strength rather than to its moral value. In political science, such durability is attributed to so-called "iron triangles"—alliances between politicians, the bureaucracy, and interest groups. Nevertheless, there are some valuable counterarguments available to the critic.

First is the critique that we favor physical wounds over damage to mental health. Mental health injuries are certainly complex and multi-faceted; among their many characteristics is that they are uniquely variable—from individual to individual, certainly, but also *within a particular patient.* Someone with PTSD, for instance, might be functional on one day and then completely incapacitated for the remainder of the week or month. Certain other conditions—especially things like back pain—are also remarkably variable in their manifestation and can range from minor and inconsequential to seriously disabling. What is to be done about such conditions? The current system, outlined in detail in these pages, simply views someone with such a variable condition as if that condition were present and powerful at all times. Further, the current system does little to encourage each veteran to live up to his or her own maximum potential, instead treating such variable conditions as if they were uniformly and permanently incapacitating. The system privileges lifetime disability and malaise over recovery in mental *and* physical health, creating ever-increasing proportions of veterans who seek disability compensation.

Second, critics typically employ the "deservingness" argument. This argument basically runs like this: because veterans have at some point accepted the possibility of grave physical and emotional harm, they are therefore deserving of whatever our country can provide. In that way, past service becomes a kind of 'shield of invulnerability' that provides permanent and irreducible moral certitude to the bearer. And it is, in part, true: our country does owe a debt of gratitude to those who have both worn the uniform and borne a significant and life-altering physical or mental injury. This is particularly true for those who were involuntarily plucked out of civilian life and conscripted into military service. Although that burden is surely an 'obligation of citizenship,' the burden of conscription often fell in past years on those without other meaningful options. For the young man who already lacks the wherewithal to attend college, the draft became a kind of double jeopardy that disproportionately affected the poor and people of color. That there are some knaves hidden among the knights is not in question, but the proportions of each are difficult or impossible to discern.

Third, those of us who are Constitutional absolutists would argue that any benefit given to one citizen or a class of them by the general agreement of the representative body is legitimate on its face, and, clearly, these benefits are given under the color of law. But a representative body requires full knowledge of the situation at hand so that, at least

in theory, the preferences of the people can be aggregated through their representatives and formed into coherent policy. That, in fact, is the aim of this book: not to destroy current systems but to shine a light on their inner workings in hopes of finding solutions that are morally for the taxpayer, the citizen, and the veteran. Our own opinions about the range of options for reform is largely irrelevant. We are simply two citizens who seek to inform our fellow citizens.

Some variation or combination of each of the above criticisms will likely be hurled, but we stand by our propositions. First, our current system is well intentioned but has been distorted by political pressure into something that is absurdly expensive in implementation and immoral in effect. Second, real veterans—men and women with families to support and dreams to sustain—are held in thrall to a promise of ever-increasing benefits for their otherwise proud service. This promise of benefits distorts their vision of the future and causes them to rely on benefits in a way that is deeply unhealthy. Third, this distorted vision of the future causes veterans to make suboptimal life choices and to embrace their worst, sickest selves instead of their most positive future selves. Finally, the veterans thus afflicted are far too likely to lead lives of purposelessness, lack of balance, and ultimately to suffer far more than their injuries warrant, including being one spark in the conflagration of veterans suicide that currently rages. In the end, any reform that's implemented will be, like the current system, subject to political pressure. For that reason, we offer not concrete policy proposals, but instead a series of principles that should guide the resulting policy.

First, the goal of any system of veterans benefits and care should be to return the veteran as closely as possible to the life situation in which he would have found himself but for the service rendered. This requires not a 'one size fits all' approach, but instead an approach customized to the individual veteran. Since employment is a social good, we believe that employment should be the goal of any system of benefits—hopefully to a level that results in the veteran being weaned off of whatever temporary assistance might be required. This is true even in cases where the injuries are quite severe: even in cases of high-level spinal cord injury, multiple amputations, or devastating mental illness, there are treatments that can and will result in a more positive life course than the course that would be available in their absence. Our system must reject the idea that any veteran is unemployable or permanently and "totally" disabled. The only veterans for whom employment is not a reasonable goal are those few whose brain injuries are truly devastating and impossible to overcome. For them, virtually any amount of benefits is morally sustainable.

Second, the system should incentivize desired outcomes by linking treatment for an illness with the compensation associated with it. If you don't get treatment for your PTSD, certainly you have no right to expect the taxpayer to fund its effects. This kind of approach has a dual benefit: those who are "faking bad" to get paid would begin to drop out of the system, freeing up mental health providers to see those who are truly ill. The second benefit is that those who are being compensated and are in treatment are more likely to eventually become better and graduate from treatment to a lower level of need. Critically, *they will be better off* with their health restored than if it were not intact. There

might be physical incentives too: perhaps a “BMI Bonus,” i.e. if the veteran keeps his body mass index within a certain range, he gets a cash bonus that is some portion of the calculated financial cost of obesity. The possibilities are endless, but the basic idea is the same: if you want more of something, then you should incentivize it.

Third, the system needs total reform in the nature and types of disabilities compensated. Those injuries not *directly caused by* military service might be good targets for treatment rather than compensation. If, for instance, someone is diagnosed with Parkinson’s Disease in military service under the current regime, then he will be compensated as if that disease were the fault of the taxpayer or the military. This is wrong. Instead, that person should be treated by the VA but not compensated. This would actually allow the VA, under a budget-neutral proposal, to spend far more on the veteran whose brain is damaged due to a gunshot wound and less on the (many) veterans who present, say, adult-onset diabetes. The entire VASRD could then be written in a few dozen pages rather than the hundreds or thousands of pages of regulations, statutory interpretations, and other bureaucratic dross.

All in all, our nation’s nineteen million veterans do deserve something: they deserve lives they can be proud of, just as they are proud of their service. What they don’t need and don’t deserve is to be trapped in a system that is well intentioned but demonstrably harmful. We can do better as a country.

And we should.

ENDIT
—