

# WORKING PAPER

## *Executive Summary*

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## THE USE OF VA DISABILITY BENEFITS AND SOCIAL SECURITY DISABILITY INSURANCE AMONG VETERANS

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Veterans are a sizeable and policy-relevant demographic group in the United States. All persons who serve in the military are at risk of service-related, disabling 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. Although there is substantial functional limitation and disability among veterans of all ages, relatively little is known about veterans' uptake of Department of Veterans Affairs (VA) Disability Benefits and Social Security Disability Insurance (DI). The majority of research on U.S. disability programs examines Social Security Disability Insurance (DI). 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. 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 or the extent to which participation in these two programs varies across cohorts who served in the military during different historical time periods.

This project uses data from the 1992, 1993, 1996, 2001, 2004, and 2008 *Survey of Income and Program Participation* (SIPP) to examine veterans' participation in VA and DI programs. There are three primary research aims:

- 1) To identify levels of participation in VA disability compensation and DI benefit programs within six SIPP panels.
- 2) To compare patterns of VA and DI benefit use across military service cohorts defined by period of service, taking into account age and time period effects.
- 3) To identify which groups of veterans are more likely to participate in VA and DI.

The results indicate that the majority of veterans do not receive VA or DI benefits, but veterans' use of these programs has been increasing over time. Receipt of benefits through VA and/or DI increased from 8.5 percent in 1992 to 23.5 percent in 2008. A higher percentage of veterans receive VA compensation only, which ranges from 4.9 percent in 1992 to 13.2 percent in 2008, than DI compensation only, which ranges from 2.9 percent in 1992 to 6.7 percent in 2008. Furthermore, the rate of joint participation in these two programs is low, ranging from less than 1 percent in 1992 to 3.6 percent in 2008. Veterans experience relatively few within-panel transitions between VA and DI programs.

Overall, compared to veterans who served after 1990, the likelihood of any disability program use is higher among veterans who served during multiple time periods but lower among veterans who served from 1975-1990. The likelihood of any disability program use is also higher among veterans who are older, Black or Hispanic, have less than high school education, and are currently married. Among veterans who use some type of disability compensation, use of VA benefits relative to only DI benefits is significantly higher among veterans who served since 1990, are younger, Hispanic, married, and have some college education or graduated from college. In contrast use of DI benefits relative to only VA benefits is significantly higher among veterans who served prior to 1990, are older, Asian, not currently married, and have less than a high school education. The findings also suggest that veterans' use of DI relative to VA disability compensation is expanding over time, net the effects of period of service cohort, age, and the demographic controls.

Supplemental analysis based on the 1992 and 1993 SIPP panels suggests that service-connected disability ratings are closely related to patterns of program use. In addition, a substantial portion of the veterans in the SIPP who have a service-connected disability are employed. Despite these compelling descriptive findings, the SIPP has limited power to test the relationship between service-connected disability ratings, employment, and program use. This underscores the importance of consistently including questions about service-connected disability ratings on national surveys that include veterans and specific measures of program participation.

While some veterans may be dually eligible for VA and DI benefits, particularly veterans with high service-connected disability ratings who are not in the labor force, our data suggest that relatively few veterans of any era receive benefits through both programs. The extent to which disabled veterans are receiving all of the benefits for which they are eligible from both VA and civilian DI programs is an important question for researchers and policy makers. Analysis of program dynamics represents another important area for future research. In addition, better longitudinal data that follows veterans over longer periods of time from military service separation to full retirement age are required to determine lifetime patterns of disability program use and other life course outcomes of military service. More detailed, time-varying measures of various medical conditions, functional limitations, and types of disability would also be helpful in determining how health status relates to disability program use. Finally, it is important for future research to examine the extent to which existing disability programs are effective in mitigating poverty and material hardship among veterans and their families.

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