

Human Events[®]

POWERFUL CONSERVATIVE VOICES

Expert's take: Understanding and solving the VA problems

By: Teresa Mull
June 18, 2014

The resignation of the Department of Veterans Affairs' Secretary Eric Shinseki shed some much-needed light on the healthcare crisis plaguing our veterans, but it didn't solve the problem. Far from it. The entire system is mired in corruption, mismanagement, and, according to Michael Cannon, the Cato Institute's director of health policy studies and former domestic policy analyst for the U.S. Senate Republican Policy Committee, the way the VA operates is set up to fail.

Could you update us on the status of the VA scandal? John McCain is proposing legislation; will this solve the problem? What's been going on since Shinseki's resignation?

Health administrators and bureaucrats were cooking the books, falsifying the waitlist reports so they could get their bonuses. Shinseki should have had to resign for that. He should not have had to resign for the fact that there are waiting lists. That's not his fault. That's Congress' fault, and no government bureaucrat is going to be able to solve the problem that Congress creates when it says, 'OK, here's unlimited demand by veterans and here's a limited number of resources, go and meet that unlimited demand.' No one can do that. It's not the VA's fault that there are waiting lists, not the VA's fault that they've got veterans waiting for care. So John Boehner shouldn't be blaming Barack Obama for that. John Boehner should be blaming John Boehner and the rest of Congress.

The legislation that's moving right now is not going to solve the problem. All that the House and Senate bills would do is give VA officials more power to fire other VA officials if they fail to perform an impossible task. And sure, you can do that, but then the next batch of people are going to be no better able to perform that impossible task. The bills would also allow veterans who have waited too long for care to go to private hospitals and private providers, which is like Canada telling Canadians, 'if you've waited too long for care, we'll pay for you to go to the United States.' It doesn't solve the problem. This is not reform. This is just throwing more money at the problem. So in a couple of years, we're going to be right back where we are right now: waiting for care is contributing to deaths among veterans. Both parties will be blaming each other, trying to make

themselves seem the most pro-veteran, and nothing will change, unless they fundamentally reshape the way we provide benefits to veterans, both health and disability.

How should we reform the VA System, then? What is your proposed solution?

Before we get to that, I should really mention the much bigger scandal that no one has focused on: how Congress pays for veterans' benefits. When Congress decided to send troops into Afghanistan and authorize military force in Iraq, for example, they appropriated funds for fuel and tanks and ammunition and armor and all these costs of war. But what they didn't do is appropriate any funds for the veterans' benefits that they knew they'd have to pay as a result of that war. They kick the can down the road when the veterans come back with missing limbs and PTSD, etc. The fact that they can ignore those problems, pretend they don't exist when they're deciding to go to war or not means they're more likely to authorize military force. They're more likely to make the wrong decision because they're not weighing all of the costs of benefits.

What they should be doing is setting some money aside at the beginning when they authorize or continue to fund military conflicts. They should be setting aside money to cover those veterans' benefits, because then they would have a clearer picture of the costs and benefits of war and they'd be able to make better decisions. Right now they're not doing that, so they're more likely to send our troops into battle.

The way that Congress pays for veterans' benefits right now results in waiting lists and fraud and other terrible things. We should fix those, but the bigger problem with the Department of Veterans' Affairs is...that it makes veterans more likely to be killed or injured in the first place, since Congress is more likely to send them off to war because they're making decisions without all the information. That's actually the biggest scandal at the VA. A colleague and I had a piece in the *New York Times* this week about that which gives a full description of the problem and our proposal to reform it.

You get proposals to reform the VA from the right that say we should privatize it. That's correct. If you want better service, you want to use market mechanisms, you privatize it. You get proposals from the left that highlights the other problem I raised, the problem that Congress doesn't pre-fund these commitments. What we propose is to combine the two in a way that privatizes and pre-funds veterans' benefits.

When military personnel accept a commission, they would buy veterans' insurance that covers anything that happens to them during their term in service, and they would get a pay benefit after they leave the military and for the rest of their lives. Life, disability, and health would be covered by private insurance companies. They could pick their insurer and the premiums would be fair and would vary based on risk. If you want to be a paratrooper, for instance, your insurance premiums are going to be higher than if you are a desk jockey.

Now, how do they pay for this insurance? This is where the pre-funding comes in. Congress gives them the money to cover their premium. They come up with the amount based on how much insurance companies charge each specific paratrooper or desk jockey for a standard package of benefits. And because the insurance company charges the paratrooper more, Congress gives paratroopers a larger chunk of money so that they can buy the same benefits that a desk jockey can buy.

There are a couple important parts to this: You're going to get better benefits this way because, first of all, they're pre-funded, so the money is already set aside, you can choose your insurance company, and you can choose an insurance company that lets you choose your doctor, so you're not stuck with a sole-source provider like you are with the VA. You can fire your doctors. You can fire your hospitals. You can even fire your insurance company. You're going to get better service and we're going to provide better benefits for veterans.

Also, because Congress is pre-funding these benefits, we're going to make better decisions about whether to enter into military conflict. When Congress is debating whether or not to authorize the use of military force, the war is on the horizon, risk to life and limb increases, and insurance companies are going to raise the premium to reflect that added risk of veterans needing disability, health, and life insurance benefits. When those premiums go up, Congress has to increase military pay immediately so that military personnel can pay those higher premiums, and that's how you're pre-funding the additional cost of war. Congress is seeing that additional cost up front when they decide whether to authorize military force.

This is a way to reform benefits and gives both what the right wants, which is better service through privatization, and what the left wants, which is more responsible decisions about whether to use military force in the first place. Not only are you going to get better service for veterans, you are going to get fewer disabled veterans because Congress will be more judicious about whether to go to war than they did, for example, in 2002.

Are you optimistic that any of these solutions would ever be adopted? Are member of Congress talking about this?

I think it's more realistic that this proposal would get adopted than any other privatization proposal or pre-funding proposal because this is an approach that could attract support from both sides of the aisle.