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The Other Veterans Scandal

By Michael F. Cannon and Christopher Preble

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WASHINGTON — THE Department of Veterans Affairs is mired in scandal. More than 57,000 veterans have been waiting at least three months for a doctor's appointment. Another 64,000 never even made it onto a waiting list. There are allegations that waits for care either caused or contributed to veterans' deaths.

But another, even larger problem with the Department of Veterans Affairs is being overlooked: Even when the department works exactly as intended, it helps inflict great harm on veterans, active-duty military personnel and civilians.

Here's how. Veterans' health and disability benefits are some of the largest costs involved in any military conflict, but they are delayed costs, typically reaching their peak 40 or 50 years after the conflict ends. Congress funds these commitments — through the Department of Veterans Affairs — only once they come due.

As a result, when Congress debates whether to authorize and fund military action, it can act as if those costs don't exist. But concealing those costs makes military conflicts appear less burdensome and therefore increases their likelihood. It's as if Congress deliberately structured veterans' benefits to make it easier to start wars.

The Department of Veterans Affairs is supposed to help wounded veterans, but its current design makes soldiers more likely to get killed or injured in the first place. The scandal isn't at the Department of Veterans Affairs. The scandal is the Department of Veterans Affairs.

Is there a better way? We propose a system of veterans' benefits that would be funded by Congress in advance. It would allow veterans to purchase life, disability and health insurance from private insurers. Those policies would cover losses related to their term of service, and would pay benefits when they left active duty through the remainder of their lives.

To cover the cost, military personnel would receive additional pay sufficient to purchase a statutorily defined package of benefits at actuarially fair rates. The precise amount would be determined with reference to premiums quoted by competing insurers, and would vary with the risks posed by particular military jobs.

Insurers and providers would be more responsive because veterans could fire them — something they cannot do to the Department of Veterans Affairs. Veterans' insurance premiums would also reveal, and enable recruits and active-duty personnel to compare, the risks posed by various military jobs and career paths.

Most important, under this system, when a military conflict increases the risk to life and limb, insurers would adjust veterans' insurance premiums upward, and Congress would have to increase military pay immediately to enable military personnel to cover those added costs.

Consider how this system might have prevented Congress's misbegotten decision to authorize President George W. Bush to invade Iraq. In 2002, the Bush administration played down estimates that the war would cost as much as \$200 billion, insisting the cost would be less than \$50 billion. To give you a sense of how mistaken this was: The economists Linda J. Bilmes and Joseph E. Stiglitz put the cost of veterans' benefits alone, from the wars in Iraq and Afghanistan, at roughly \$1 trillion.

Like others before her, Hillary Rodham Clinton has admitted that voting to authorize the Iraq invasion was a "mistake," though she "made the best decision I could with the information I had." How many members of Congress would have voted differently if confronted with the long-term health and disability needs of the troops they had already sent into Afghanistan and those they were sending into Iraq? How many would have pressed harder to end the wars sooner if they had to confront the mounting cost of veterans' benefits, in addition to the wars' other growing costs, every year the wars dragged on?

The alternative system we propose combines the universal goal of improving veterans' benefits with conservative Republicans' preference for market incentives and antiwar Democrats' desire to make it harder to wage war. Pre-funding veterans' benefits could prevent unnecessary wars, or at least end them sooner. We can think of no greater tribute to the men and women serving in our armed forces.

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