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Fix VA benefits by making troops buy their own health insurance

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A health policy expert at the libertarian Cato Institute is offering a radical idea to help reform the Department of Veterans Affairs and prevent future wars at the same time: Make troops and veterans pay for their own medical insurance.

In an online essay last week, institute Director of Health Policy Studies Michael Cannon recommends dropping the idea of free health care for veterans and instead offering better pay for current troops and vouchers for current veterans to buy their own coverage on the open market.

He also calls for privatizing the Veterans Health Administration -- something the major veterans groups have all argued against -- with shares of the new publicly-run company to be given to veterans and service members based on time in service.

“Privatization would improve the quality of veterans’ benefits immeasurably,” he wrote. “The federal government promises veterans’ benefits to military personnel once they leave active duty. Only it’s not an explicit promise. And Congress doesn’t fund it.

“As a result, Congress can -- and does -- renege on that commitment.”

Cannon also argues that since the government would have to front the costs for insurance stipends and vouchers, it would also make the costs of war clearer before the first shots are fired.

“Veterans benefits are one of the largest financial costs of any armed conflict,” he wrote. “Yet Congress does not pre-fund those obligations. It only funds them once they come due.

“(In the event of war), the added risk of deaths and injuries would cause premiums to rise, which would increase the amount of added pay Congress must provide each service member. The result is that future Congresses and presidents would have to confront this enormous cost of war at the moment they decide to send U.S. troops off to war, and every day they decide to keep them there.”

The idea is as radical as it is theoretical. While Republicans including President-elect Donald Trump have argued in favor of expanding private care options for veterans, none have offered plans to completely dismantle veteran’s benefits and hospital management.

Meanwhile, Democrats and veterans groups have warned against even small steps towards privatization of VA functions, arguing that many outside hospitals and physicians lack the expertise or motivation to handle the most difficult service-connected injuries.

But Cannon argued that without radical changes, any reform effort is doomed.

“If Trump retains the VA’s basic structure, he will join a long line of presidents who have failed our nation’s veterans,” he wrote.