

Healthcare Costs for Our Gulf War Veterans: The Looming Disaster

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At the present time the United States is spending over \$4.3 billion each year paying pension, compensation, and disability benefits to veterans of the first Gulf War.¹ The current Gulf war is much larger, longer, and more expensive, and the true costs of providing healthcare benefits for veterans of this war isn't something most people are talking about yet, but it should be. The eventual cost of providing lifetime medical benefits, lifetime disability benefits, and lifetime social security benefits for veterans of the current Gulf War could easily reach \$700 billion² or more, close to the total overall cost of the first five years of the war.

Unlike other wars the U.S. has fought in the past 100 years, the financing of the current conflict has been with money borrowed from overseas (over \$800 billion worth and counting). Instead of raising taxes so that American citizens are paying the direct costs of this war and its long-term veterans' healthcare consequences, the current administration has cut taxes and effectively shifted the burden for paying off our war debt to future generations. The recent publication *The Three Trillion Dollar War: The True Cost of the Iraq Conflict* by Joseph E. Stiglitz (winner of the 2001 Nobel Prize in Economics) and Linda J. Bilmes³ (an expert in government finance at Harvard's Kennedy School of Government) provides a much-needed reality check on the economic burden, particularly the healthcare cost burden, for U.S. taxpayers from the current conflict.

Some Facts

The basic facts are sobering. At the time of this writing over 4000 U.S. troops have been killed and more than 58,000 have been wounded or fallen seriously ill in Iraq alone.⁴ Operations in Afghanistan add another 7300 troops to the latter figure.⁵ Assuming that there is still a significant but drawn-down U.S. military presence in Iraq and Afghanistan by the year 2012, the number of military personnel who will have rotated through the Middle East since the present Gulf war started will number approximately 1.8 million

¹ VETERANS BENEFITS ADMINISTRATION, ANNUAL BENEFITS REPORT, FISCAL YEAR 2005 (released September 2006). This figure has been adjusted for inflation and cost of living increases in 2007 U.S. dollars.

² Joseph E. Stiglitz and Linda J. Bilmes, *THE THREE TRILLION DOLLAR WAR: THE TRUE COST OF THE IRAQ CONFLICT*, W.W. Norton & Co. 2008 [hereinafter "Stiglitz and Bilmes"].

³ *Id.*

⁴ DEFENSE MANPOWER DATA CENTER, STATISTICAL INFORMATION ANALYSIS CENTER, GLOBAL WAR ON TERRORISM – OPERATION IRAQI FREEDOM, BY CASUALTY CATEGORY WITHIN SERVICE, MARCH 19, 2003 THROUGH DECEMBER 8, 2007, obtained by Veterans for Common Sense under the Freedom of Information Act, available at <http://siadapp.dmdc.osd.mil/personnel/CASUALTY/OIF-Total.pdf>. (last accessed March 10, 2008).

⁵ DEFENSE MANPOWER DATA CENTER, STATISTICAL INFORMATION ANALYSIS CENTER, GLOBAL WAR ON TERRORISM – OPERATION ENDURING FREEDOM, BY CASUALTY CATEGORY WITHIN SERVICE, OCTOBER 7, 2001 THROUGH DECEMBER 8, 2007, obtained by Veterans for Common Sense under the Freedom of Information Act, available at <http://siadapp.dmdc.osd.mil/personnel/CASUALTY/WOTSUM.pdf>. (last accessed March 10, 2008).

individuals.⁶ It is this figure – the total number of deployed personnel – which is critical to any determination of veterans’ future healthcare costs.

Whether these men and women are regular enlisted Army, Navy, Air Force, or Marines, Army Reserve, or Army National Guard, all will be eligible for Veterans Administration (VA) medical care for at least two years. All of the wounded will require acute medical treatment prior to discharge from the military, and some will require chronic care through the VA network of hospitals and clinics after discharge. Under one “conservative” scenario, it is projected that 48% of current veterans will seek medical treatment from the VA. Of these, 60% will seek short-term treatment (lasting less than five years), and 40% will remain in the system for the rest of their lives, with an estimated total cost to the VA of \$285 billion dollars.⁷

Based on data from the first Gulf War approximately 45% of Gulf War veterans will also apply for long-term disability benefits and 88% of those claims will at least be partially granted. Paying for this projected disability compensation adds another \$388 billion in costs.⁸ In addition, a significant number of veterans who are not disabled will have difficulty obtaining employment with health benefits and will end up either uninsured or underinsured, in which case the health care systems they reside in will absorb most if not all of the costs. The actual cost of this is not known.

Lastly, there is the issue of veterans’ long-term social security benefits, the third major healthcare cost. Unlike veterans’ disability pensions which are determined by percentages, the calculus for Social Security benefits is bright-line: any veteran who cannot work or hold down a job is eligible for this compensation benefit of approximately \$1000 per month. The estimated cost of this third component of veterans’ healthcare benefits is \$25-44 billion.⁹ Total predicted costs for these three items: \$700 billion plus.

All of the above numbers are for what Stiglitz and Bilmes term their “realistic-moderate” scenario.¹⁰ The numbers double or triple in amount for a “worst-case” scenario.

It’s Not Just A Federal Problem

Every state in the United States is going to be impacted by this staggering number of injured or disabled veterans returning stateside in the next four years. For a state such as Texas, which already has the highest percentage of uninsured residents in the United States, the prospect of enormous numbers of under- or uninsured individuals being added to an already strained state healthcare system is sobering. For example, as of March 15, 375 of the troops killed in Iraq were from Texas, and 95 of these were from the Houston

⁶ Stiglitz and Bilmes, *supra* note 2 at 36-41. According to the DOD Contingency Tracking System Deployment File, as of October 31, 2007 about 1.64 million U.S. service members had been deployed in the Global War on Terror.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

area alone.¹¹ The number of wounded and disabled veterans for Texas alone is in the thousands. There are additional, non-traditional groups to consider. Unlike previous wars, a great deal of the security and other work has been contracted out by the United States military to private corporations instead of U.S. military personnel. The U.S. government will pick up the tab for the insurance benefits these individuals are entitled to while under contract.

The Bush administration has only recently realized the enormity of the financial cost for current Gulf War's veterans' healthcare, and in an effort to save costs has already enacted a "cut and run" policy, eliminating some veterans groups from eligibility for benefits.¹² However, veterans' organizations¹³ have already begun grassroots campaigns to overturn these policies. The spillover for all of these veterans requiring medical care who cannot be handled by the VA hospital system will invariably end up being taken care of at the state and local hospital level. The states, not the federal government, will have to pay for much of this.

The Healthcare Maze for Our Veterans

As harsh as it is to view them this way, those killed in the conflict are the easiest and least expensive to deal with. Each dead soldier costs the U.S. government \$500,000. The current death benefit paid to families is \$100,000 (increased from \$12,240 when the war began), and the life insurance payment is \$400,000 (increased from \$250,000 when the war began).¹⁴ For returning veterans, whether wounded or later disabled, there is another story.

Veterans returning from the Middle East theatre must first be processed by the military through the Department of Defense (DOD). Only after being discharged from active duty military can veterans then be evaluated by the Veterans Administration (VA). There are thus two distinct systems which must be navigated by veterans and/or their families, and little coordination between the two so that the transition is "seamless." In fact, administratively neither the DOD nor the VA had planned effectively for the enormous number of wounded and disabled veterans returning from this conflict. The application form alone is 26 pages long and by consensus is difficult to navigate. At the beginning of the current Gulf War the backlog of unresolved healthcare claims by the VA was a little over 100,000; current estimates place the backlog of veterans' claims at more than 600,000.¹⁵ Little effort has been made to hire sufficient personnel to handle this

¹¹ Liz Sly, *A Fragile Future*, HOUSTON CHRONICLE, March 19, 2008 at A1.

¹² Tom Philpott, *Bitter Split Over Making VA Care Open to All Veterans*, MILITARY UPDATE, JUNE 23, 2007. In 2003 former VA Secretary Anthony Principi suspended VA benefits for all veterans in Priority Group 8, the lowest priority group, in order to free up resources for higher-priority veterans, those with very low income or those disabled. The effect of this ruling was to deny access to care to almost 400,000 veterans.

¹³ See comments by Veterans for Common Sense in Bradley Brooks, *Improved troop survival rate raises questions about VA*, HOUSTON CHRONICLE, March 20, 2008 at A4.

¹⁴ *Id.*

¹⁵ *Id.* "The Veterans Benefits Administration has a huge backlog of pending claims, including thousands from the Vietnam era and before. In 2000, the VBA had a backlog of 228,000 pending initial compensation

administrative nightmare, and many senior administrators are due to retire within the next 5 years. Ironically, the superb battlefield medical care soldiers receive has drastically contributed to this problem; wounds which were routinely lethal in prior conflicts no longer are, and U.S. military medical triage is so good that the ratio of wounded to killed in the current conflict has increased to 7:1 as compared to Vietnam where the ratio of wounded to killed was 2.6:1. Including non-combat injuries raises the ratio in the current Gulf War to 15:1.¹⁶ The end result of this, as well as improved body armor, is an increase not only in the number of wounded but the number of severely wounded with head injuries (TBI, or traumatic brain injuries) and/or missing multiple limbs.

Whether because of the nature of the conflict, or because of heightened awareness of the significance of the problem, the number of veterans with mental health injuries is another veterans healthcare cost which was not anticipated by the Bush administration and left out of the cost calculus of the war.¹⁷ Recent medical literature¹⁸ has estimated that upwards of 40% or more of veterans will suffer some degree of post-traumatic stress disorder (PTSD). Many of these cases will not be detected at the time of discharge from the military, since the military does not conduct mandatory in-person post-deployment psychiatric evaluation. Although monthly disability benefits are designed to include compensation for both psychiatric injuries as well as physical impairments, the VA system is not set up to provide the kind of necessary long-term psychiatric care these veterans require, particularly if the veterans live in small towns far from VA facilities.¹⁹ There is also the stigma of mental health injuries that veterans must overcome.²⁰ Many of our veterans who become disabled because of mental health injuries do so months after discharge, unlike those veterans with physical injuries who usually apply for disability benefits immediately.

What Does This All Add Up To?

The already strained U.S. healthcare system is now faced with additional enormous, unanticipated, expensive groups of patients to care for as a result of current Gulf War.

claims, of which 57,000 had been waiting more than six months. At the end of 2007, due in part to the surge in claims from newly injured veterans, the VBA's backlog was over 400,000 new claims, with 110,000 pending for more than six months. The total number of claims, either new or in the process of being adjudicated, exceeds 600,000. The VA has announced that it expects to receive another 1.6 million claims over the next two years."

¹⁶ See the Department of Defense website at <http://siadapp.dior.whs.mil/personnel/CASUALTY/castop.htm>.

¹⁷ STATEMENT OF THE HONORABLE PATRICK W. DUNNE, REAR ADMIRAL U.S. NAVY (RET), ASSISTANT SECRETARY FOR POLICY AND PLANNING, U.S. DEPARTMENT OF VETERANS AFFAIRS BEFORE THE COMMITTEE ON VETERANS AFFAIRS, U.S. SENATE, OCTOBER 17, 2007. Admiral Dunne pointed out that over 100,000 U.S. soldiers have returned from the war suffering from serious mental disorders, a significant percentage of which will become chronic conditions.

¹⁸ Charles S. Milliken, Jennifer L. Auchterlonie, and Charles W. Hoge, *Longitudinal Assessment of Mental Health Problems Among Active and Reserve Component Soldiers Returning from the Iraq War*, 298 JAMA 2141 (2007).

¹⁹ Jenny Eliscu, *This is the Face of the War in Iraq. The Mind Behind It Will Never be the Same*, ROLLING STONE, April 3, 2008, p57 – 61.

²⁰ *Id.*

The current VA hospital system cannot handle the current or anticipated patient volume, and by default the burden of providing healthcare for many veterans will fall to the states.

Lunch isn't free, wars are expensive, and as worrisome as the exorbitant cost of the current conflict is to most Americans it is possible, perhaps even likely, that the bill for veterans healthcare will outstrip the cost of the war itself. No one, it seems, can get their head around the numbers, or has yet to put forth a comprehensive, workable approach to deal with the approaching economic tsunami that could swamp our healthcare systems. Washington and the individual states are all going to need to work closely together, starting immediately, to guarantee that medical needs of this generation of veterans will be met.

Health Law Perspectives (April 2008), available at
<http://www.law.uh.edu/healthlaw/perspectives/homepage.asp>