

Canadian-American Dictionary

- Canadian: Veterans Affairs Canada (VAC)
 - American: Veterans Administration (VA)
- Canadian: Department of National Defence (DND)
 - American: Department of Defense (DoD)
- Canadian: Canadian Armed Forces (CAF, CF)
 - American: United States Armed Forces

OFFICE OF
THE PARLIAMENTARY BUDGET OFFICER



BUREAU DU
DIRECTEUR PARLEMENTAIRE DU BUDGET

Health CERs

*Using an interdisciplinary approach to estimating
the cost of caring for Canada's veterans*

Afghanistan by the numbers

- **158** Canadian soldiers killed
 - **653** wounded plus **1412** non-battle injuries (National Post, 2012)
- It is unclear how many are “disabled”, but the number is “growing”
 - In 2011, VAC reported **6732** Afghanistan Veterans in receipt of disability benefits (2011)
 - Our 2013 VAC data includes over **8000** disabled Afghanistan Veterans, of which over **5000** have disabilities directly related to their Afghanistan service

Research linking member service and client disability costs is lacking

Healthy members

Service

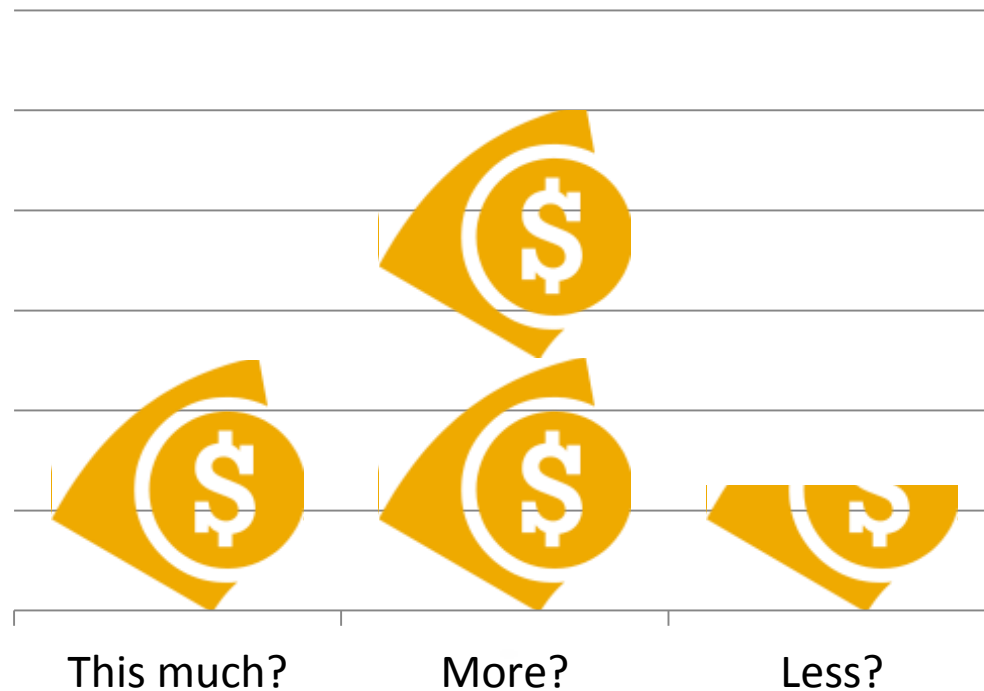
Injuries, casualties

Disability

VAC clients

Early-stage research project

Can the outcomes of our *Afghanistan Mission* veterans help us to predict the cost of caring for *Operation Impact* (intervention against ISIL) veterans?



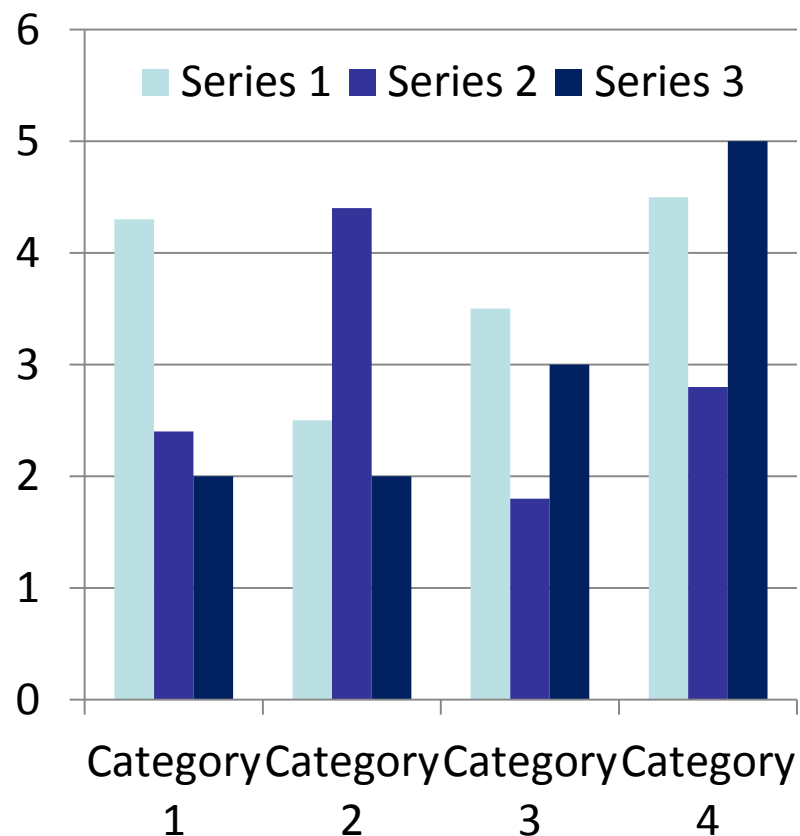
BACKGROUND & LITERATURE



Estimating the costs of Veterans' disability benefits

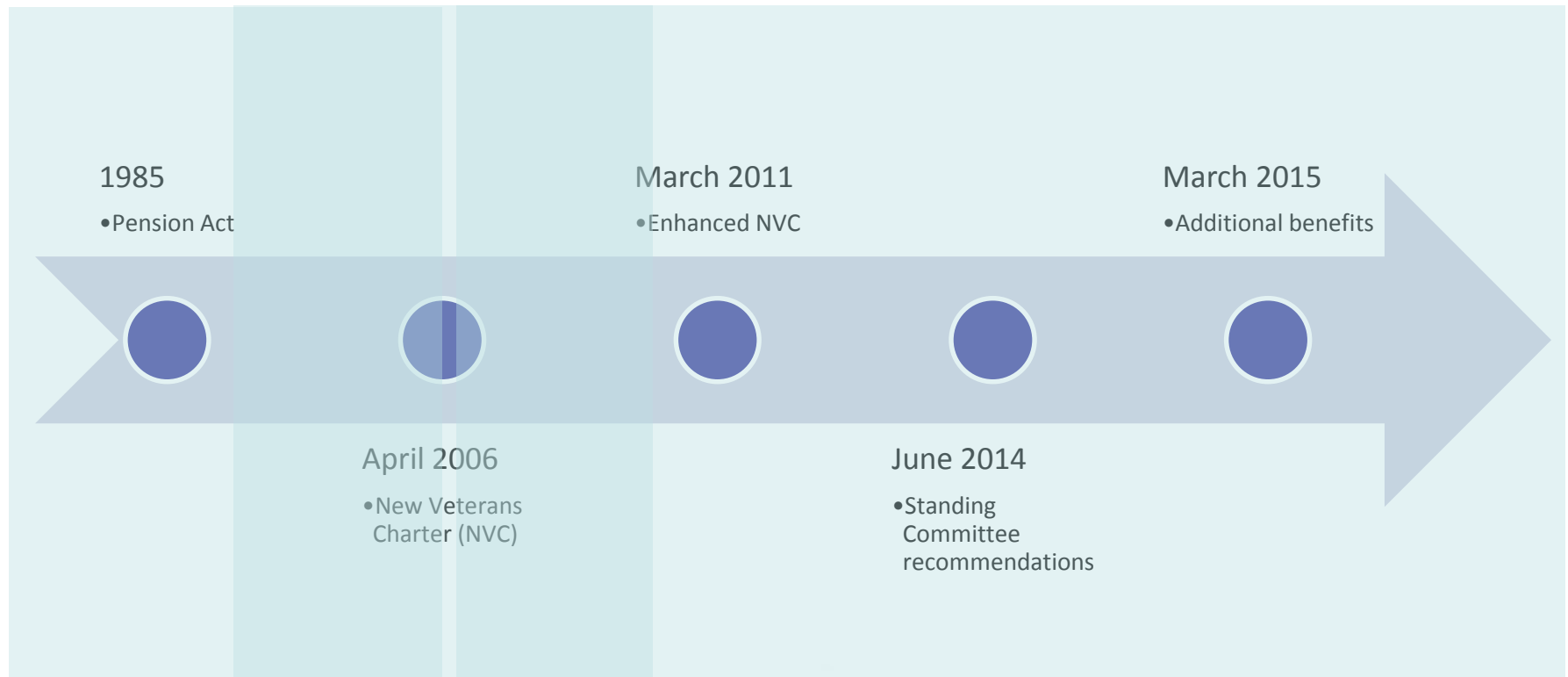
- Veterans Affairs Canada
 - Produce annual estimates for Planning and Priorities annual document
 - Public Accounts data contain historical expenses
 - Announced several changes to the New Veterans Charter (NVC)
 - Estimated the resulting impact on costs to be small

Estimating the costs of Veterans' disability benefits – Existing Literature



Data from VAC spending, and VAC's cost estimates of changes to the NVC highlight the importance of changes to eligibility criteria and any new benefits.

Changes to benefits over 30 years



Changes to benefits over 30 years

1985 Pension Act

- Benefits payable on account of the death or disability of a member, including a final payment

March 2011 Enhanced NVC

- Minimum pre-tax income for ELB veterans
- PIA offered to Pension Act Veterans
- Choice of payment options of DA
- EIA to Pension Act Veterans and NVC Veterans receiving DA

April 2006 New Veterans Charter (NVC)

- Suite of services in lieu of monthly pension cheque
- Lump sum Disability Award (DA)

October 2012 Changes to Pension Act

- ELB no longer offset by Disability Pension

ELB: Earnings Loss Benefit

PIA: Permanent Impairment Allowance

EIA: Exceptional Incapacity Allowance

Changes to benefits over 30 years

Recent NVC Changes

New Retirement Income Security Benefit

- Monthly income support payment beginning at age 65

Broadened eligibility criteria for PIA

New Payment for Seriously Injured Soldiers

Family Caregiver Relief Benefit

- Tax-free annual grant of more than \$7,000

Enhanced benefits for part-time Reserve Force Veterans

- Same minimum income support payment via ELB as their full-time peers

ELB: Earnings Loss Benefit

PIA: Permanent Impairment Allowance

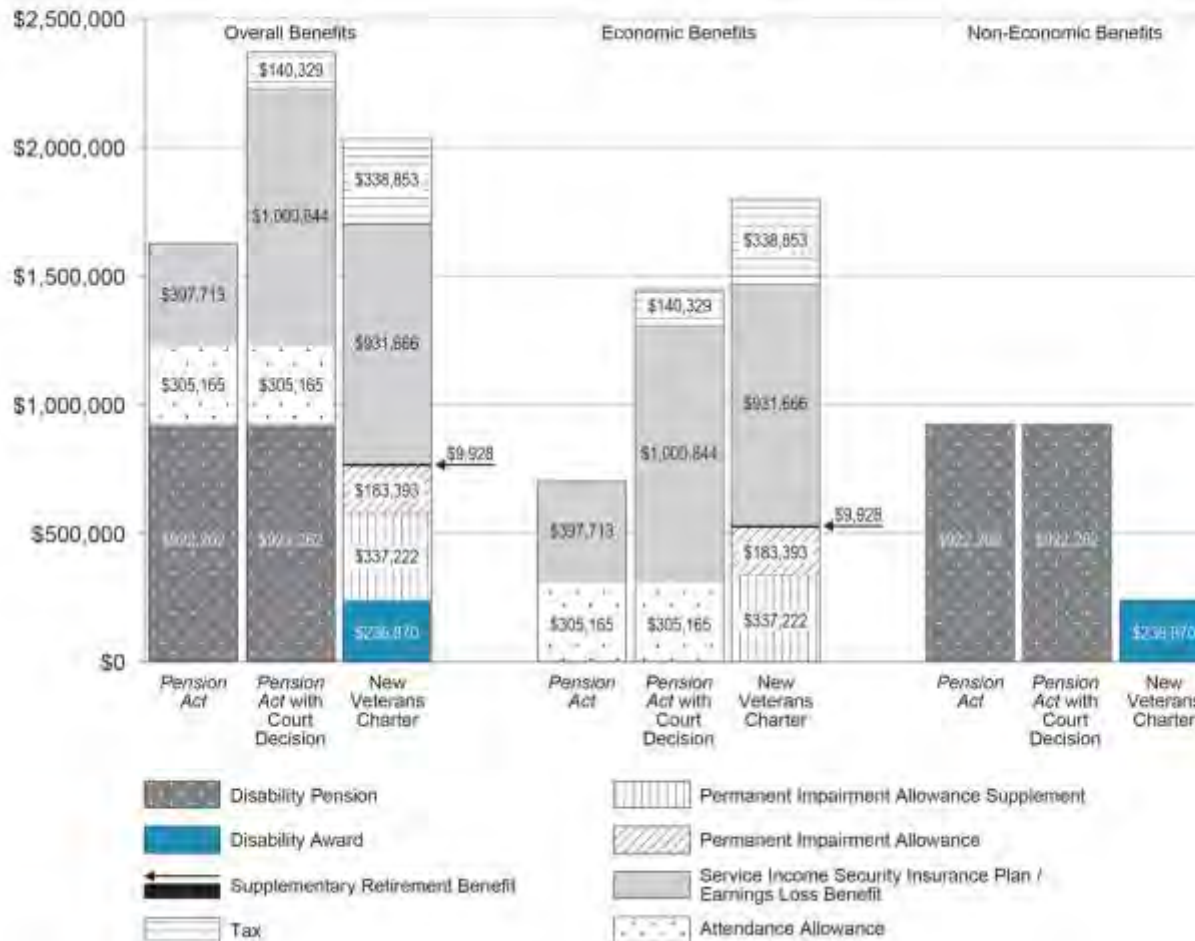
EIA: Exceptional Incapacity Allowance

Case studies using actuarial analysis

- Office of the Veterans Ombudsman (OVO)
 - Compared economic and non-economic (i.e. compensation for pain and suffering) benefits of Pension Act and NVC
 - Used scenarios, and focused on veterans most likely at financial risk (i.e. those that are “totally and permanently incapacitated”)
 - Made several recommendations to improve the NVC

Improving the New Veterans Charter: the Actuarial Analysis

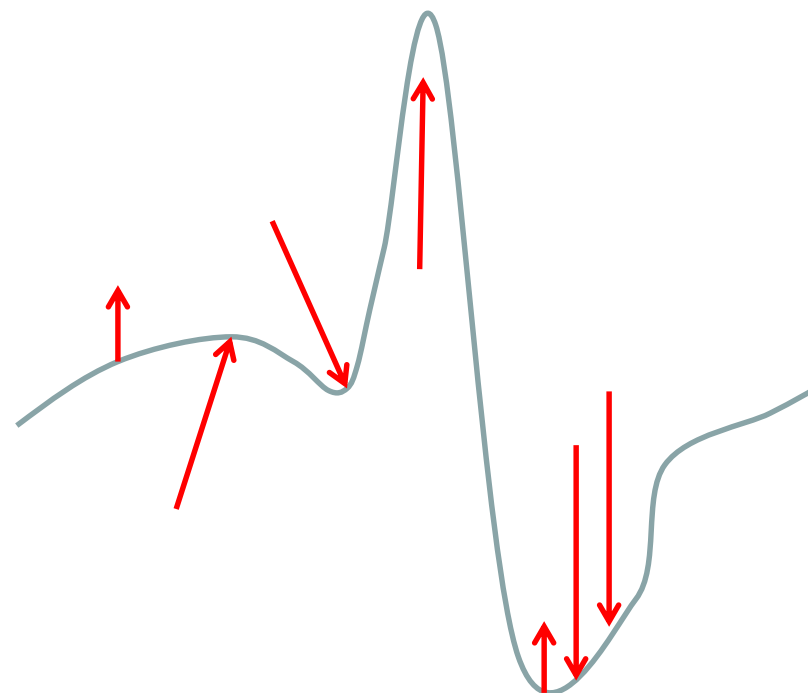
Figure 8. Scenario 1 – Corporal: Comparison of Actuarial Present Value of Benefits



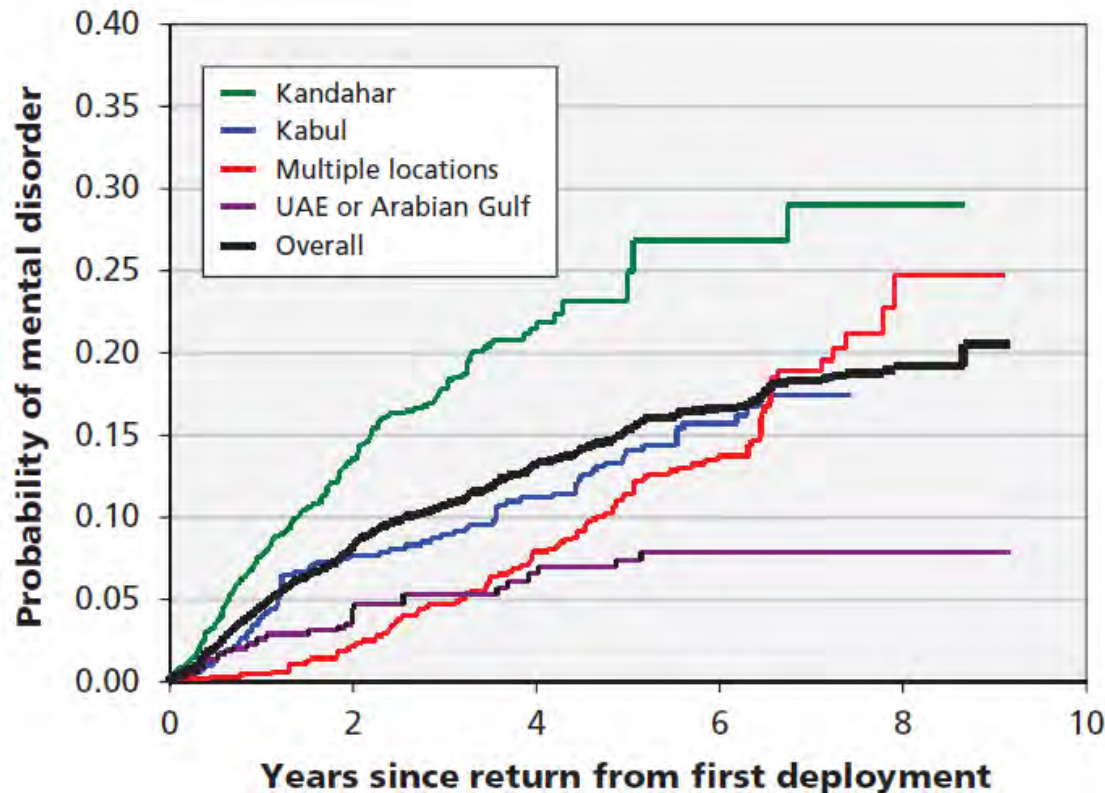
The Office of the Veterans Ombudsman's studies emphasize the importance in considering changes to the benefits package (Pension Act or NVC?)

Estimating the costs of Veterans' disability benefit

Aside from the factors listed, there are many and more influential elements on the costs and cost structure of caring for Canadian Veterans.



Research suggests that not all illness is captured by the injury and casualty numbers

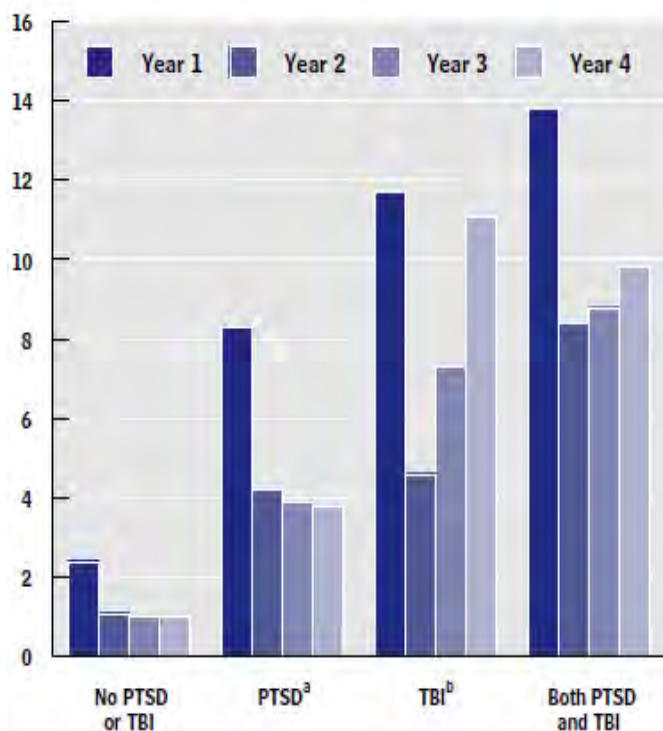


Source: Zamorski et. al, "Deployment-related mental disorders among Canadian Forces personnel deployed in support of the mission in Afghanistan, 2001-2008", *Canadian Medical Association Journal*, Vol. 185, issue 11, August 6, 2013

Consider the ongoing costs of PTSD and TBI

Average Costs for All of VHA's Health Care Provided to OCO Patients

(Thousands of dollars)



Source: Congressional Budget Office, "The Veterans Health Administration's Treatment of PTSD and Traumatic Brain Injury Among Recent Combat Veterans", February 2012

- Not all disabilities are created equal
 - Some clients put more pressure on the system

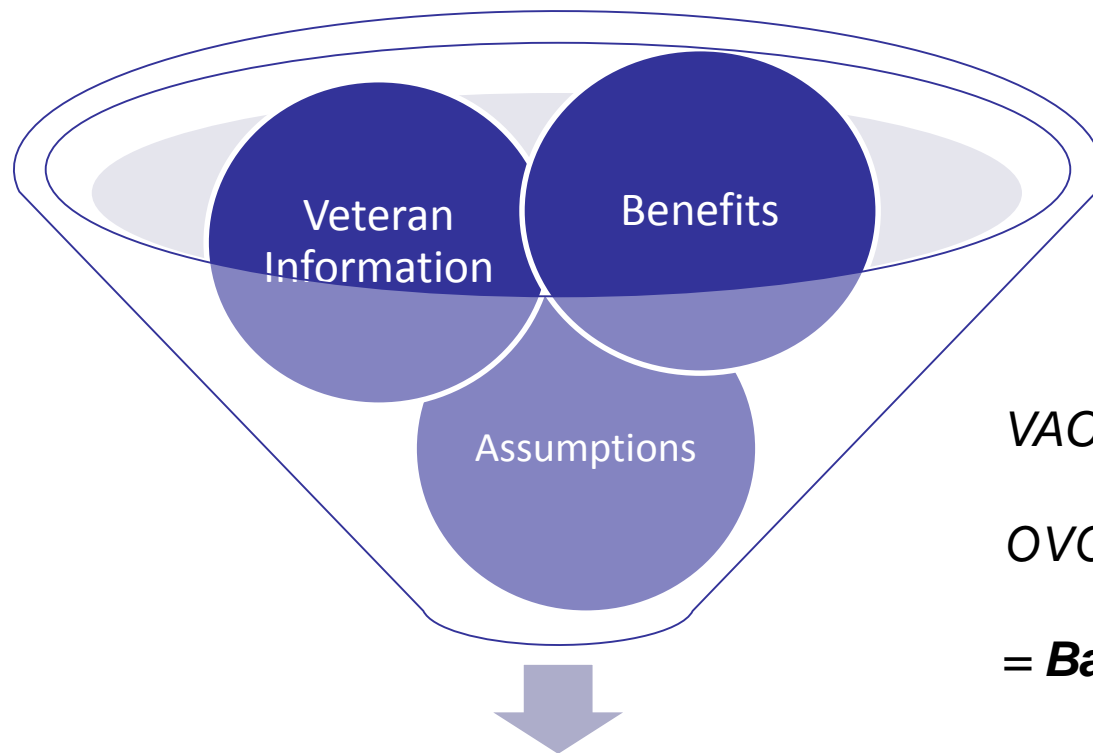




RESEARCH AND FINDINGS



Estimating the costs of Veterans' disability benefits – PBO approach

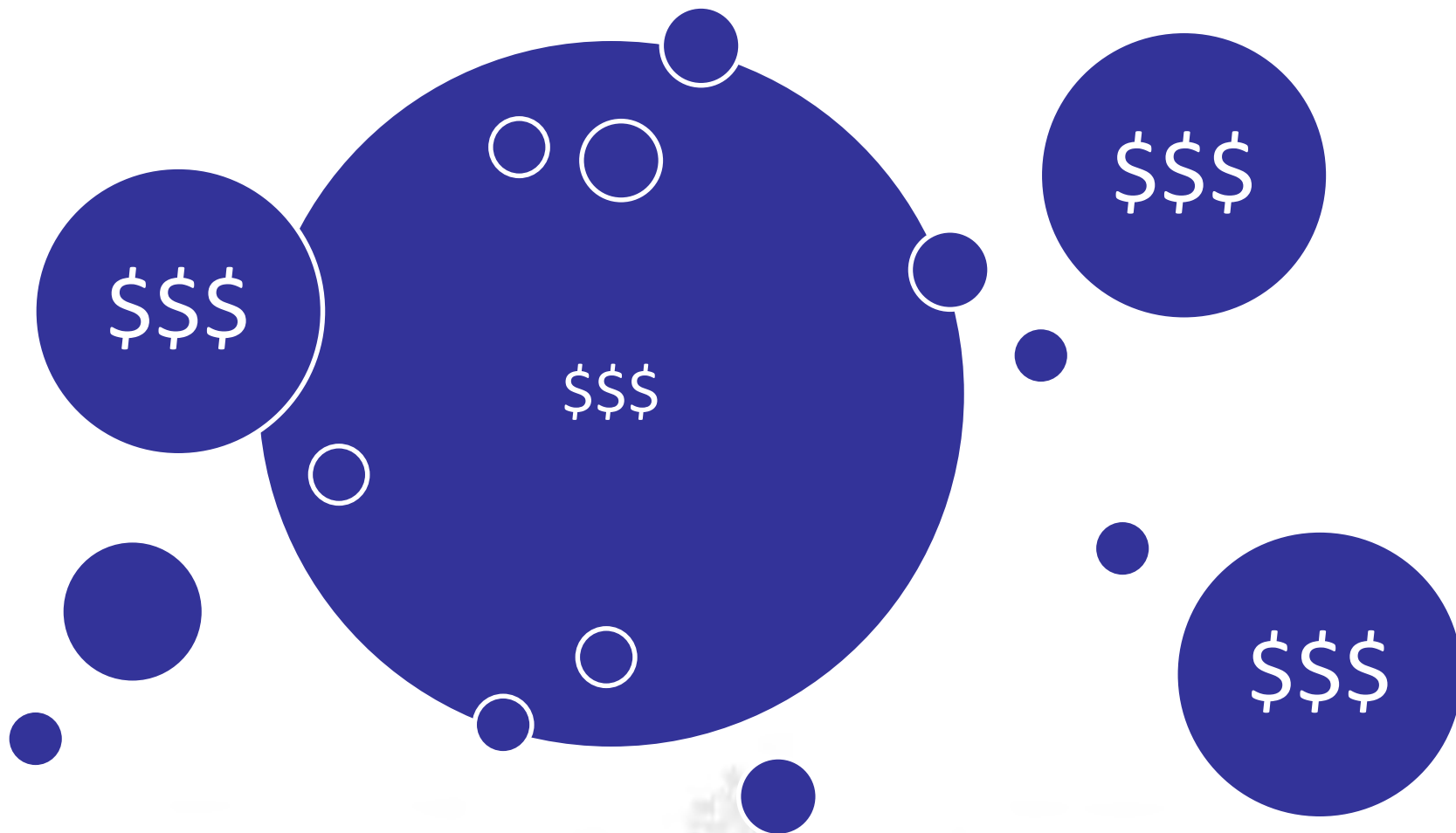


VAC Administrative Data
+
OVO Actuarial Model
= ***Baseline Analysis***

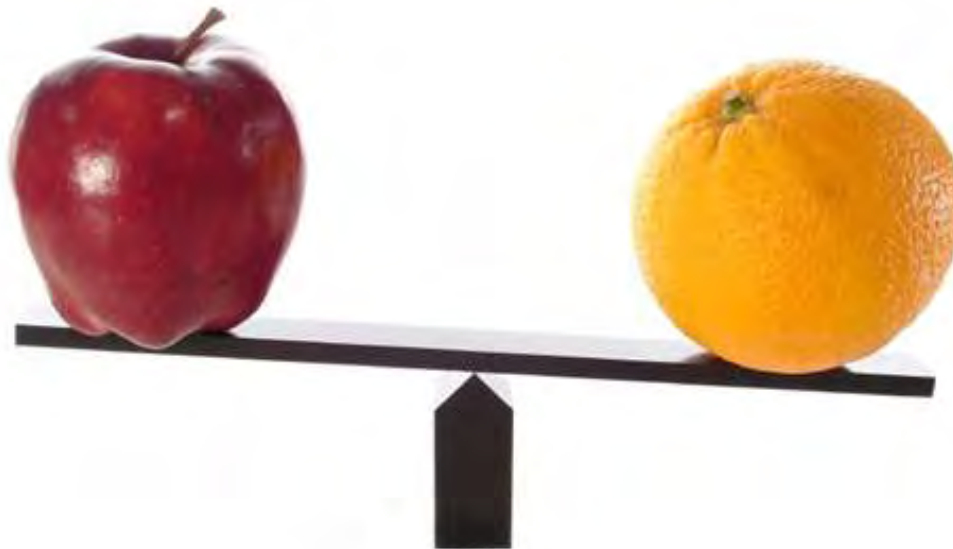
Estimating the costs of Veterans' disability benefits – PBO approach



Estimating the costs of Veterans' disability benefits – PBO approach



Benchmarking and assessing federal program spending



Benchmarking federal program spending against provincial workers' compensation boards

	Administration Costs per Lost-Time Claim (\$)	Administration Costs Per \$100 of Assessable Payroll (\$)
AB	\$ 6,490	\$ 0.17
BC	\$ 5,548	\$ 0.33
MB	\$ 4,204	\$ 0.34
NB	\$ 9,303	\$ 0.31
NL	\$ 9,433	
NS	\$ 6,415	
NT/NU	\$ 23,357	
ON	-	
PE	\$ 8,909	
QC	\$ 4,839	
SK	\$ 4,893	\$ 0.27
YT	\$ 17,100	\$ 0.66
VAC - S01	\$ 3,420	\$ 8.25

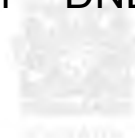
Why so low?
Possibly due to an under-allocation of resources?

Why so high?
Consider proportion of clients who will *never* return to work.

S01 = Strategic Operation 1; (i.e. VAC Benefits for Veterans)

VAC Claim denominator = Number of first applications claims

VAC Assessable Payroll denominator = DND CF wages/salaries and benefits



Research Limitations: We can't tell you how much is enough

	Canada	Britain	Australia	United States
Lump Sum	lump-sum of up to \$306,698.21 (single payment or spread out over multiple payments)	lump-sum benefits up to a maximum of \$1,092,348	Lump-sum benefits of up to \$420,207 or fixed-rate weekly pension	
Earnings loss	75 per cent of salary for two years; available up to age 65 for most severely injured		100 per cent of the difference between income pre- and post-injury for the first 45 weeks of incapacity then 75 per cent to 100 per cent	Tax-free pension ranging from \$167.58 to \$4,010 per month, plus supplements of up to \$10,836 monthly for those with dependents who are severely disabled
Impairment allowance	Three grades to this allowance: \$584.66, \$1,169.33 and \$1,753.97 per month, plus supplement of \$1,074 per month for most veterans receiving the PIA	Severely disabled veterans receive 100 per cent of their military salary tax-free for life	Lump sums for spouses and children of severely disabled vets (e.g. \$80,956.51 per child)	

Source: Gloria Galloway, *The Globe and Mail*; Published Monday, Mar. 09 2015, 10:18 PM EDT; Last updated Tuesday, Mar. 10 2015, 12:53 PM EDT <http://www.theglobeandmail.com/news/politics/benefits-for-wounded-canadian-veterans-do-not-stack-up/article23381161/>

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Questions?

2005

PRIVATE Woodfield, Brian Scott	24 November 2005
<small>THE ROYAL CANADIAN REGIMENT</small>	
LEADING SEAMAN Leblanc, Robert Joseph Ivan	6 February 2005
<small>ROYAL CANADIAN MOUNTED POLICE</small>	
WARRANT OFFICER Sheppard, Charles John, CD	5 October 2005
<small>PRINCE OF EDWARD ISLAND</small>	
MAJOR GENERAL Dillon, Fergus Michael	8 May 2005
<small>ARMY</small>	
CRUISE Laroque, Jacques Joseph Andre	27 août 2005
<small>NAVY</small>	
DRIVER Butler, Trevor Eric Arthur	28 September 2005
<small>ARMY</small>	
SCOUT Dessurcault, Patrick	20 septembre 2005
<small>ARMY</small>	



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2006

CAPTAIN Goddard, Nichola Kathleen Sarah, MSM	17 May 2006
<small>THE ROYAL CANADIAN MOUNTED POLICE</small>	
CONDUCTOR Mansell, Myles Stanley, John	27 April 2006
<small>ROYAL CANADIAN MOUNTED POLICE</small>	
CONDUCTOR Braun, David Robert William	22 August 2006
<small>ROYAL CANADIAN MOUNTED POLICE</small>	
CONDUCTOR Eykelenboom, Andrew James	11 August 2006
<small>ROYAL CANADIAN MOUNTED POLICE</small>	
WARRANT OFFICER Nolan, Richard Francis, CD	3 September 2006
<small>THE ROYAL CANADIAN REGIMENT</small>	
PRIVATE Wilson, Mark Andrew	7 October 2006
<small>THE ROYAL CANADIAN REGIMENT</small>	
PRIVATE Graham, Mark Anthony	4 September 2006
<small>THE ROYAL CANADIAN REGIMENT</small>	
PRIVATE Arndt, Raymond Friedrich	5 August 2006
<small>THE ROYAL CANADIAN REGIMENT</small>	
OPERATOR Payne, Randy Joseph	22 April 2006
<small>MILITARY POLICE REGIMENT</small>	
OPERATOR Davis, Paul James	7 March 2006
<small>PRINCE OF EDWARD ISLAND</small>	