

Understanding the VA and DoD Disability Benefit System

Fact Sheet #1

Important Acronyms to Remember

DoD -- Department of Defense
VA -- Department of Veterans Affairs
DES -- Disability Evaluation System
MEB -- Medical Evaluation Board
PEB -- Physical Evaluation Board
VASRD -- Veterans Administration Schedule for Rating Disabilities
WIPA-NTC -- Work Incentive Planning and Assistance National Training Center



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The U.S. Department of Defense (DoD) awards and administers some disability benefits provided to veterans, while the U.S. Department of Veterans Affairs (VA) governs others. A successful return-to-work or community reintegration initiative focused on veterans with disabilities must include an analysis of the impact of paid employment or self-employment on DoD and VA disability benefits, as well as any other public benefits veterans may receive based upon disability. To the extent that earnings from employment may jeopardize a veteran's program eligibility or cash benefit amount, it will make it far less likely that an individual will choose to pursue employment. If veterans with disabilities perceive employment as risky, in terms of its adverse impact on essential cash benefits, rental assistance, health insurance, or other special programs, they may elect to protect their benefits instead of pursuing employment.

When a service member becomes injured or ill while on duty, the first priority of the armed forces is to provide medical treatment and rehabilitation services that will enable the individual to return to active duty as quickly as possible. When a service member is not able to return to full active duty within a reasonable period of time, a service member's treating physician will generally initiate the process of determining whether or not the individual is fit for active military duty by referring the individual for assessment under the military Disability Evaluation System (DES). The DES is designed to provide a uniform procedure for the evaluation of a service member's medical condition and the member's ability to continue serving in the armed forces.

The Disability Evaluation System (DES)

The DES assessment process involves two distinct stages: the Medical Evaluation Board (MEB) and the Physical Evaluation Board (PEB). The purpose of the MEB is to determine whether the service member's injury or illness is severe enough to compromise the member's ability to return to full duty based on the job specialty designation of the individual's branch of service. A PEB is an administrative body possessing the authority to determine whether or not a service member is fit for duty. A designation of "unfit for duty" is required before an individual can be separated from the military be-

cause of an injury or medical condition. Service members who are determined to be unfit for duty due to disability are either separated from the military or are permanently retired, depending on the severity of the disability and length of military service. Individuals who are “separated” receive a one-time severance payment, while veterans who retire based upon disability receive monthly military retirement payments and have access to all other benefits afforded to military retirees.

The Disability Rating System (DES)

The DES as The PEB is also responsible for determining the “disability rating” (the percentage of disability for ill or injured service members). Individuals may be determined to be disabled anywhere along a continuum ranging from 0% to 100% disabled in 10% increments, based on the Veterans Administration Schedule for Rating Disabilities (VASRD), as supplemented by the regulations of the service member’s branch of the military, to assign a percentage of disability to service members.

When analyzing the various programs, it is important to note that there are sharp differences in disability ratings performed by the DoD and the VA. The military will only consider the physical conditions that make a service member unfit for continued service, while the VA is required to consider all service-connected disabilities and the totality of the changes in the service member’s medical condition that occurred during military service. Furthermore, the military disability rating assigned to a service member is permanent – it is not subject to reevaluation. The VA process permits reevaluation of service-connected disabilities if a condition worsens or improves over time, or if there is a change in the law governing the assignment of disability ratings. Veterans who receive both DoD and VA benefits could have two completely different disability ratings governing the two types of benefits.

Both the DoD and the VA also designate certain veterans as having “total disability.” Total disability, or 100% disability, is considered to exist when there is present any impairment of mind or body which is sufficient to render it impossible

for the average person suffering from the same conditions to follow a substantially gainful occupation. In addition, a veteran may be classified as having “permanent total disability” when the impairment is reasonably certain to continue throughout the individual’s life. The designations of “total disability” or “permanent total disability” are important because certain VA benefits are only afforded to individuals with these classifications. These designations of total or permanent total disability may increase the amount of monetary benefits a veteran is entitled to receive and affect the extent to which an individual may be subject to disability reevaluations.

DoD and VA Benefit Programs Based Upon Disability

The Military Disability Retirement program operated by DoD provides service members with 20 or more years of active service (service retirement eligible) can retire from the Armed Forces as disabled, regardless of the percentage level of disability, if they are found to be unfit for service by reason of physical disability. Individuals with less than 20 years of active service at the time they are removed from the military by reason of physical disability may be either separated or retired, based on a variety of factors, including the severity of disability as measured by the disability rating.

The VA offers two additional benefits based upon disability: Disability Compensation and Disability Pension. Disability compensation is a monetary benefit paid to veterans who are disabled by an injury or disease that was incurred or aggravated during active military service. These disabilities are considered to be service-connected. The amount of disability compensation varies with the degree of disability (disability rating) and the number of veteran’s dependents.

Veterans with low incomes and few assets who are permanently and totally disabled, or are age 65 and older, may be eligible for a Disability Pension. Unlike the VA Disability Compensation program, the Pension program is means-tested – eligibility is based upon meeting certain income and asset tests. In addition, Disability Pension payments are reduced by the amount of countable income of the veteran, spouse or dependent children.

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