

The War on Tricare

Panetta defends Tricare cuts as House leaders call them ‘another hit on the military’

BY: [Bill Gertz](#) - March 1, 2012 5:00 am

Defense Secretary Leon Panetta on Wednesday defended the Pentagon’s plan to increase healthcare fees for military personnel as a senior House Republican called the increases another Obama administration “hit” on the military.

“On Tricare costs for health care, we have recommended increased fees,” Panetta said during a hearing of the House Budget Committee.

“We have not increased those fee levels since 1990,” he said. “We’ve looked at ... the retirement area with the proviso that we grand-father those benefits so that those that are serving will not lose the benefits that were promised to them, but at the same time try to look at what reforms can be made on retirement for the future.”

Military pay will not be cut and pay raises are planned for the next two years but limited in later years, he said.

“That’s the package that we’ve presented,” Panetta said. “This has not been easy. This is a tough and challenging responsibility.”

The chairman of the House Armed Services Committee on Wednesday criticized the Obama administration’s plan to cut healthcare benefits for both active duty and retired military service members.

Rep. Howard “Buck” McKeon (R., CA) said some healthcare costs for military retirees will be raised 345 percent over the next several years and will include “means-tested” increases based on pay at retirement.

“It is just another hit on the military,” McKeon said on Fox News, commenting on a report published Tuesday in the *Washington Free Beacon*.

“You know, the military accounts for 20 percent of our overall budget, but 50 percent of the savings have come out of defense, and these people that have given so much for us ... why are they to be singled out?” McKeon asked.

He also noted that civilian defense employees are not being hit with these same increases and are not being means-tested to gauge whether they can pay more.

McKeon said the military health care increases are a “fairness issue.”

“I don’t know why we just keep trying to solve our financial problems on the back of the military,” he said. “If we keep doing that, who will have our backs the next time we get attacked?”

The fiscal 2013 defense budget submitted to Congress calls for increasing the cost of pharmaceuticals for families of active duty military and for sharp increases in premiums for military retirees.

The objective is to save \$1.8 billion from the Tricare medical system this year and \$12.9 billion by 2017.

Critics of the cuts, including Republicans in Congress and military service organizations, say the fee increases violate promises made to military personnel for their service to the country.

Congress must approve the increases.

The cuts are part of the Pentagon’s program to cut \$487 billion from defense spending over the next 10 years. An additional cut of nearly \$600 billion is also looming as a result of recent budget control legislation.

If the cuts are approved, the increases will be tiered by rank at retirement. Air Force Gen. Norton Schwartz, the service chief of staff, said during a hearing Tuesday that these tiers were necessary to make the increases fair.

“It was a recognition ... that there were those among our alumni who were less able to accommodate the increases in the fees than others,” Schwartz said. “And so this simply was, in my view, a recognition of reality in that enlisted retirees were certainly not as capable of absorbing these costs as retired flag officers.”

Jo Ann Rooney, acting undersecretary of defense for personnel and readiness, was asked during a hearing of the House Armed Services personnel subcommittee on Wednesday why cost increases were limited to military retirees and not civilians.

Rooney said civilians are not part of Tricare. “So we are proposing those increases in the Tricare system which impacts the particular increases, those that are retired of working age as well as those that are over 65,” Rooney said. “There are two very, very different systems first off. So we’re just focusing in this particular on those costs with a program that is administered within the Department of Defense.”

Tricare Director Jonathan Woodson said during the hearing that civilian government employees currently pay more for health care than retired military personnel.

The administration has said the increases are targeted at so-called “working” retirees under the age of 65.

After the cuts were reported in the Free Beacon on Tuesday, numerous active-duty military, both officers and enlisted troops, criticized the plan as a breach of faith for those who signed up to join the military.

Rep. Adam Smith (D., WA), ranking member on the Armed Services Committee who also appeared on Fox on Wednesday, defended the healthcare cuts and denied that the Pentagon was forcing military retirees to join President Obama’s health care program, dubbed Obamacare, by upping rates.

“We’re maintaining Tricare; we want them in Tricare,” Smith said.

However, during a recent briefing, a Republican congressional aide revealed that the administration said the increases were aimed at trying to reduce the number of people receiving Tricare benefits and to switch to other health plans.

“They did tell us that part of the savings comes from beneficiaries using their healthcare benefits less because of higher fees,” said the aide. “Raising fees in Tricare may incentivize the retirees to use a different health care provider.”

Under Obamacare, beginning in 2014 a federally financed health care entitlement will subsidize premiums for low and moderate income Americans. The amount paid will be pegged to family income and administered through

state-based “exchanges” that will replace current small group and individual health insurers.

Administration officials briefed House members recently that military retirees will be eligible for the exchanges, the aide said.

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