

Trashing Tricare

Obama to cut healthcare benefits for active duty and retired US military



BY: [Bill Gertz](#) - February 27, 2012 3:36 pm

The Obama administration's proposed defense budget calls for military families and retirees to pay sharply more for their healthcare, while leaving unionized civilian defense workers' benefits untouched. The proposal is causing a major rift within the Pentagon, according to U.S. officials. Several congressional aides suggested the move is designed to increase the enrollment in Obamacare's state-run insurance exchanges.

The disparity in treatment between civilian and uniformed personnel is causing a backlash within the military that could undermine recruitment and retention.

The proposed increases in health care payments by service members, which must be approved by Congress, are part of the Pentagon's \$487 billion cut in spending. It seeks to save \$1.8 billion from the Tricare medical system in the fiscal 2013 budget, and \$12.9 billion by 2017.

Many in Congress are opposing the proposed changes, which would require the passage of new legislation before being put in place.

"We shouldn't ask our military to pay our bills when we aren't willing to impose a similar hardship on the rest of the population," Rep. Howard "Buck" McKeon, chairman of the House Armed Services Committee and a Republican from California, said in a statement to the Washington Free Beacon. "We can't keep asking those who have given so much to give that much more."

Administration officials told Congress that one goal of the increased fees is to force military retirees to reduce their involvement in Tricare and eventually opt out of the program in favor of alternatives established by the 2010 Patient Protection and Affordable Care Act, aka Obamacare.

"When they talked to us, they did mention the option of healthcare exchanges under Obamacare. So it's in their mind," said a congressional aide involved in the issue.

Military personnel from several of the armed services voiced their opposition to a means-tested tier system for Tricare, prompting Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey to issue a statement Feb. 21.

Dempsey said the military is making tough choices in cutting defense spending. In addition to the \$487 billion over 10 years, the Pentagon is facing automatic cuts that could push the total reductions to \$1 trillion.

"I want those of you who serve and who have served to know that we've heard your concerns, in particular your concern about the tiered enrollment fee structure for Tricare in retirement," Dempsey said. "You have our commitment that we will continue to review our health care system to make it as responsive, as affordable, and as equitable as possible."

Under the new plan, the Pentagon would get the bulk of its savings by targeting under-65 and Medicare-eligible military retirees through a tiered

increase in annual Tricare premiums that will be based on yearly retirement pay.

Significantly, the plan calls for increases between 30 percent to 78 percent in Tricare annual premiums for the first year. After that, the plan will impose five-year increases ranging from 94 percent to 345 percent—more than 3 times current levels.

According to congressional assessments, a retired Army colonel with a family currently paying \$460 a year for health care will pay \$2,048.

The new plan hits active duty personnel by increasing co-payments for pharmaceuticals and eliminating incentives for using generic drugs.

The changes are worrying some in the Pentagon who fear it will severely impact efforts to recruit and maintain a high-quality all-volunteer military force. Such benefits have been a key tool for recruiting qualified people and keeping them in uniform.

“Would you stay with a car insurance company that raised your premiums by 345 percent in five years? Probably not,” said the congressional aide. “Would anybody accept their taxes being raised 345 percent in five years? Probably not.”

A second congressional aide said the administration’s approach to the cuts shows a double standard that hurts the military.

“We all recognize that we are in a time of austerity,” this aide said. “But defense has made up to this point 50 percent of deficit reduction cuts that we agreed to, but is only 20 percent of the budget.”

The administration is asking troops to get by without the equipment and force levels needed for global missions. “And now they are going to them again and asking them to pay more for their health care when you’ve held the civilian workforce at DoD and across the federal government virtually harmless in all of these cuts. And it just doesn’t seem fair,” the second aide said.

Spokesmen for the Defense Department and the Joint Chiefs of Staff did not respond to requests for comment on the Tricare increases.

The massive increases beginning next year appear timed to avoid upsetting military voters in a presidential election year, critics of the plan say.

Additionally, the critics said leaving civilian workers' benefits unchanged while hitting the military reflect the administration's effort to court labor unions, as government unions are the only segment of organized labor that has increased in recent years.

As part of the increased healthcare costs, the Pentagon also will impose an annual fee for a program called Tricare for Life, a new program that all military retirees automatically must join at age 65. Currently, to enroll in Tricare for Life, retirees pay the equivalent of a monthly Medicare premium.

Under the proposed Pentagon plan, retirees will be hit with an additional annual enrollment fee on top of the monthly premium.

Congressional aides said that despite unanimous support among the military chiefs for the current healthcare changes, some senior officials in the Pentagon are opposing the reforms, in particular the tiered system of healthcare.

"It doesn't matter what the benefit is, whether it's commissary, PX, or healthcare, or whatever ... under the rationale that if you raise your hand and sign up to serve, you earn a base set of benefits, and it should have nothing to do with your rank when you served, and how much you're making when you retire," the first aide said.

Military service organizations are opposing the healthcare changes and say the Pentagon is "means-testing" benefits for service personnel as if they were a social program, and not something earned with 20 or more years of military service.

Retired Navy Capt. Kathryn M. Beasley, of the Military Officers Association of America, said the Military Coalition, 32 military service and veterans groups with an estimated 5 million members, is fighting the proposed healthcare increases, specifically the use of mean-testing for cost increases.

"We think it's absolutely wrong," Beasley told the *Free Beacon*. "This is a breach of faith" for both the active duty and retiree communities.

Congressional hearings are set for next month.

The Veterans of Foreign Wars on Feb. 23 called on all military personnel and the veterans' community to block the healthcare increases.

"There is no military personnel issue more sacrosanct than pay and benefits," said Richard L. DeNoyer, head of the 2 million-member VFW. "Any proposal

that negatively impacts any quality of life program must be defeated, and that's why the VFW is asking everyone to join the fight and send a united voice to Congress."

Senior Air Force leaders are expected to be asked about the health care cost increases during a House Armed Services Committee hearing scheduled for Tuesday.

Congress must pass all the proposed changes into law, as last year's defense authorization bill preemptively limited how much the Pentagon could increase some Tricare fees, while other fees already were limited in law.

Tricare for Life, Tricare Prime, and Tricare Standard increases must be approved, as well as some of the pharmacy fee increases, congressional aides said.

Current law limits Tricare fee increases to cost of living increases in retirement pay.