

HR

11

<TARGET><BILL>HR 11</BILL><SUBJECT>HR
11</SUBJECT><COMM>HSTA27</COMM></TARGET>

CS FOR HOUSE RESOLUTION NO. 11(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE STATE AFFAIRS COMMITTEE

A RESOLUTION

1 **In support of providing TRICARE program health care benefits to United States Coast**
2 **Guard and military retirees as promised.**

3 **BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:**

4 **WHEREAS** recruiting and maintaining a high-quality, all-volunteer, effective
5 military force to safeguard national security is a primary goal of the United States Department
6 of Defense; and

7 **WHEREAS** persons who volunteer for military service are at risk of mortal harm
8 throughout the time they serve; and

9 **WHEREAS** the people of the state and nation rely on the men and women who serve
10 in the military to execute faithfully that service; and

11 **WHEREAS** it is reasonable for the men and women who serve in the military to rely
12 on promises made to them by the people of the state and nation; and

13 **WHEREAS** men and women who serve in the military and the United States Coast
14 Guard have been promised they will receive military retiree health care benefits from the
15 TRICARE program of the United States Department of Defense Military Health System (10
16 U.S.C. 55) after they perform 20 or more years of honorable military service; and

1 **WHEREAS** breaking that promise would be dishonorable;

2 **BE IT RESOLVED** that the House of Representatives supports providing to military
3 retirees who have kept their oaths of office and served the people of the state and nation the
4 TRICARE program health care benefits they were promised in exchange for that service
5 without their being required to participate in health care programs that are more expensive to
6 them than the TRICARE program and without their eligibility for TRICARE program health
7 care benefits being made subject to means testing.

8 **COPIES** of this resolution shall be sent to the Honorable Barack Obama, President of
9 the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and
10 President of the U.S. Senate; the Honorable Leon E. Panetta, United States Secretary of
11 Defense; the Honorable Janet A. Napolitano, United States Secretary of Homeland Security;
12 the Honorable John E. Bryson, United States Secretary of Commerce; the Honorable Kathleen
13 Sebelius, United States Secretary of Health and Human Services; General Martin E.
14 Dempsey, Chair, Joint Chiefs of Staff; the Honorable Regina M. Benjamin, Surgeon General
15 of the United States; and the Honorable Lisa Murkowski and the Honorable Mark Begich,
16 U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska
17 delegation in Congress.

Amendment to HR 11

Whereas, members of the Alaska medical profession have testified before the Anchorage Commission on Military and Veterans Affairs that, because TRICARE pays less than 23% of covered medical expenses, they may no longer be financially able to provide healthcare services to TRICARE patients, though providers believe they have a patriotic duty to do so; and

*Not
Offered*

Amendment to HR 11

Whereas, members of the Alaska medical profession have testified before the Anchorage Commission on Military and Veterans Affairs that because TRICARE pays less than ~~a quarter~~ ^{23%} of covered medical expenses, they may no longer be financially able to provide healthcare services to TRICARE patients, though providers believe they have a patriotic duty to do so; and

*Grumbles of
Conceptual
Amendment #1
failed*

Municipality of Anchorage

Commission on Military and Veterans Affairs

March 20, 2012

Chairman Bob Lynn
House State Affairs Committee
Juneau, Alaska

Mr. Chairman,

After some investigation into the comment I made during formal testimony on HR 11 before the House State Affairs Committee on March 20, 2012, I wanted to provide you this information.

Prior to the May 3, 2010 meeting of the Commission, a member of the Commission advised that the Anchorage medical community was becoming very concerned that they may no longer be able to financially provide health care services to Tri Care patients. The commission requested that a representative of the medical community in Anchorage come before the commission to present their concerns and enter into discussion with the commission on this issue.

On May 3, 2010, before the commission Dr. Powell testified to the following, was noted in the Commissions formal minutes of that meeting:

TriWest Reimbursement Briefing

Davidge introduced Dr. Powell, former EAFB hospital's commander for 21 years, now in private practice. Dr. Powell was invited to attend to provide input regarding the issue that Alaska medical care providers are having with the low reimbursement rate they receive from TriWest. He advised that providers are currently being paid only 23% of covered expenses; and that rate may be reduced to 21% in June as a stop-gap measure. Powell stated that Congress is aware of the issue and since the Department of Defense has the fastest growing part of the federal health care budget, action is needed to increase that percentage as doctors are writing-off millions of dollars.

Elisha Powell, MD, Orthopedic Surgery Office: 2751 Debarr Road, #B310,
Anchorage, AK 99508 Phone: (907) 279-2663, Fax: (907)222-1774

I hope this is helpful Mr. Chairman. Dr. Powell was clearly passionate about this issue as the Anchorage medical community felt, in his words, a patriotic duty to provide medical services to those men and women and their families in response to the services they are providing our nation, but there comes a point in time that doctors simply can no longer afford to do so.

At no time was this presentation, nor the concerns of the commission, partisan. As you can see this took place long before the recent recommendations of the Secretary of Defense on his new budget.

It is my position that this was a legitimate concern raised by the Anchorage medical community on their financial ability to continue providing medical services to Tri Care patients.

It is an honor,

Ric Davidge
Chairman

Gruenberg

#1

Conceptual Amendment to H.R. 2500 (SFA) by Gruenberg

Whereas a group of Annapolis ^{physicians} recently

announced that, because Tricare pays less

than 21% of the ^{cost} of ~~care~~ ^{care} for eligible

patients, they ^{have determined that they} will no longer serve Tricare patients; and

Conceptual Key ^{Keller} amend 1 to amend 1 - passed

Add to the appropriate line in the bill

Keller objects

- Peterson N
- Gruenberg Y
- Seaton N
- Lynn N
- Keller N
- Wilson —
- Johansen N

27-LS1429V
Wayne
3/16/12

CS FOR HOUSE RESOLUTION NO. 11()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSI

adopt
Keller adopted
Version I

BY

Offered:

Referred:

Sponsor(s): HOUSE STATE AFFAIRS COMMITTEE

Keller closed public testimony

A RESOLUTION

In support of providing TRICARE program health care benefits to United States military retirees as promised.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

WHEREAS recruiting and maintaining a high-quality, all-volunteer, effective military force to safeguard national security is a primary goal of the United States Department of Defense; and

WHEREAS persons who volunteer for military service are at risk of mortal harm throughout the time they serve; and

WHEREAS the people of the state and nation rely on the men and women who serve in the military to execute faithfully that service; and

WHEREAS it is reasonable for the men and women who serve in the military to rely on promises made to them by the people of the state and nation; and

WHEREAS men and women who serve in the military have been promised they will receive military retiree health care benefits from the TRICARE program of the United States Department of Defense Military Health System (10 U.S.C. 55) after they perform 20 or more years of honorable military service; and

Seaton
and US Coast
Guard

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Section 810 am

WHEREAS breaking that promise would be dishonorable;

BE IT RESOLVED that the House of Representatives supports providing to military retirees who have kept their oaths of office and ^{delete} who have served the people of the state and nation ^{delete} during times of war and armed conflict the TRICARE program health care benefits they were promised in exchange for that service without their being required to participate in health care programs that are more expensive to them than the TRICARE program and without their eligibility for TRICARE program health care benefits being made subject to means testing.

COPIES of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Leon E. Panetta, United States Secretary of Defense; the Honorable Janet A. Napolitano, United States Secretary of Homeland Security; the Honorable John E. Bryson, United States Secretary of Commerce; the Honorable Kathleen Sebelius, United States Secretary of Health and Human Services; General Martin E. Dempsey, Chair, Joint Chiefs of Staff; the Honorable Regina M. Benjamin, Surgeon General of the United States; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

In a March 3rd editorial to the Anchorage Daily News, Paul Jenkins, of the Anchorage Daily Planet, wrote “We send the military to the God-forsaken back alleys of the world. We pay them squat. We talk the talk; they and theirs get to walk the talk. We tell them: If you will offer us your lives, and put your future in doubt, we will take care of you.” Paul Jenkins is a well-known Alaska conservative, and a fiscal hawk. He’s direct on target. His complete article is in your bill packet.

Yes, something needs to be done about the out-of-control federal deficit. But we don’t need to balance the budget by throwing our military under the bus. The Administration’s plan to renege on our military is obscene. It’s disgraceful. It defaults on the contract between the Department of Defense and America’s military.

This resolution sends that message to those that need to hear it. I respectfully ask for your understanding and support, and to move the HB11 out of committee.

HB11 SCRIPT for March 19, 2012

Representative Bob Lynn, District 31, Anchorage.

First a disclosure. I am retired military, and I'm a Tri-Care medical benefit recipient. That's why I asked Rep. Keller to chair this portion of today's State Affairs hearing.

I'm very fortunate person when it comes to health care for my wife and I. In addition to Tri-Care, I have State of Alaska insurance for serving as a legislator, and Medicare because of my age – I sometimes call it “geezer care.” I make no apologies for any of my good health insurances because, one way or another, I've worked hard and earned all of them. Especially the military Tri-Care. Health Care is one of the most important benefits of military service. Military health care is *not* welfare.

This resolution is before you because the federal Administration plans to jack up costs to military families and retirees by increasing Tri-Care rates, adding enrollment fees, indexing fees to “medical inflation,” and “means testing.” It appears to be a plan to force retirees and others into more expensive alternatives and to establish “means-testing” that would turn earned benefits into a welfare-based handout based on some bureaucratic determination. Again, military health care is *not* welfare.

When I joined the military I raised my hand and promised to defend my country – even in the face of mortal danger. And, like thousands of other military people, I faced that mortal danger in Vietnam. In return, the United States of America promised me continued health benefits, after a period of twenty years honorable service.

A promise is a contract. The elements of military enlistment, and the elements of a contract, are the same: offer, acceptance, consideration, legal purpose, mutuality of obligation (like meeting of the minds). Nothing was said about a “means test” of some kind at some time in the future. I think military folks passed a “means test” when they enlisted and when they served honorably both in war and peace.

HR 11, the resolution before you, supports continuing the TRICARE health care program as it is now. Repeat. *As Tri-Car as it is now.* The United States of America made a promise to our military men and women when they raised their hand to God, and swore to protect the nation with their lives. In return, they were promised that our United States of America would take care of them and that is a promise we must keep.

① HR 11 is directed to Pres Obama and his administration as well as our Congressional delegation

② HR 11 expresses our support of Military retirees by bolstering our promise to them of health care services.

③ We support continuing the TRICARE ^{health care} Program as it is now, ⁴ and oppose forcing military retirees into more expensive health care programs, ⁵ and oppose means-testing for TRICARE participants

⑥ In order to recruit ~~so~~ high quality volunteers into our military to defend our nation, we have made certain promises.

⑦ Among those is to take care of their health care ^{if they serve 20 years and retire -} needs - a system known as TRICARE.

⑧ The Obama administration has proposed to cut the cost of TRICARE by means-testing and forcing retirees into more expensive alternatives.

⑨ Over the next 5 years, some retirees would see their TRICARE premiums balloon by nearly 350%

a promise made is a debt unpaid - Robert Service

Nancy Manly

To: Will Vandergriff; Jeremiah Campbell
Subject: COMMITTEE ACTIVITY - House State Affairs Committee 3/20/2012

The House State Affairs Committee heard to pieces of legislation this morning and both moved from committee.

HR 11 (House State Affairs Resolution) – MILITARY RETIREES HEALTH CARE BENEFITS. A new CS was adopted and the bill moved from committee with two amendments.

HB 219 (Feige) – FIRE AND EMERGENCY MEDICAL SERVICES. The bill was heard again with a new CS and moved from Committee with no additional changes.

Nancy Manly, Chief of Staff and
House State Affairs Committee Aide *for*
Representative Bob Lynn
House District 31
907-465-2794 Fax: 907-465-4316

To CS HR 11 version I
Conceptual amendment # ~~1~~ ²
by Seaton

Page 1 line 13

insert after military

"and US Coast Guard"

Passed

Seaton pg 2 line 3
Conap. amend # 3 passed
delete line 3 "who have" and line
4 during times of war and armed
conflict

Johansen objects
remove

Municipality of Anchorage

Commission on Military and Veterans Affairs

March 20, 2012

Chairman Bob Lynn
House State Affairs Committee
Juneau, Alaska

Mr. Chairman,

After some investigation into the comment I made during formal testimony on HR 11 before the House State Affairs Committee on March 20, 2012, I wanted to provide you this information.

Prior to the May 3, 2010 meeting of the Commission, a member of the Commission advised that the Anchorage medical community was becoming very concerned that they may no longer be able to financially provide health care services to Tri Care patients. The commission requested that a representative of the medical community in Anchorage come before the commission to present their concerns and enter into discussion with the commission on this issue.

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Davidge introduced Dr. Powell, former EAFB hospital's commander for 21 years, now in private practice. Dr. Powell was invited to attend to provide input regarding the issue that Alaska medical care providers are having with the low reimbursement rate they receive from TriWest. He advised that providers are currently being paid only 23% of covered expenses; and that rate may be reduced to 21% in June as a stop-gap measure. Powell stated that Congress is aware of the issue and since the Department of Defense has the fastest growing part of the federal health care budget, action is needed to increase that percentage as doctors are writing-off millions of dollars.

Elisha Powell, MD, Orthopedic Surgery Office: 2751 Debarr Road, #B310,
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I hope this is helpful Mr. Chairman. Dr. Powell was clearly passionate about this issue as the Anchorage medical community felt, in his words, a patriotic duty to provide medical services to those men and women and their families in response to the services they are providing our nation, but there comes a point in time that doctors simply can no longer afford to do so.

At no time was this presentation, nor the concerns of the commission, partisan. As you can see this took place long before the recent recommendations of the Secretary of Defense on his new budget.

It is my position that this was a legitimate concern raised by the Anchorage medical community on their financial ability to continue providing medical services to Tri Care patients.

It is an honor,

Ric Davidge
Chairman

Alaska State Legislature

Chairman
State Affairs Committee

Member
Judiciary Committee
Energy Committee
Joint Armed Services Committee
Military & Veterans Affairs Committee

Finance Subcommittees
Administration
Corrections
Military and Veterans Affairs



A Communication From
REPRESENTATIVE BOB LYNN
District 31 Anchorage

E-Mail: Representative_Bob_Lynn@legis.state.ak.us

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FAX

To: Legal Services

Fax #: 465-2029

From: Nancy Manly 465-2794
Alaska State Capitol, Room 108
Juneau, AK 99801-1182

of Pages (including cover): 1

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Re CS for HR 11 - Draft Final 27-LS1429\I

3/20/2012

HR 11 Version I moved from the House State Affairs Committee this morning with two amendments. Please draft a final CS for HR11 Version I as amended. Thanks.

Conceptual Amendment #1 (Gruenberg)
Failed

Conceptual Amendment #2 (Seaton)
Page 1 Line 13 *insert after the word "military" and the U.S. Coast Guard*

So it should read like this: WHEREAS it is reasonable for the men and women who serve in the military and the U.S. Coast Guard to rely...

Conceptual Amendment #3 (Seaton)
Page 2 Line 3 after the word "and" *delete* "who have"
Page 2 Line 4 after the word "nation" *delete* "during times of war and armed conflict"

So it should read like this: ...retirees who have kept their oaths of office and served the people of the state and nation the TRICARE program health care benefits...

To CS HR 11 version I
Conceptual amendment # ~~1~~²
by Seaton

Page 1 line 13

insert after military

"and US Coast Guard"

Conceptual Amendment to H.R. 5582 (SFA) by Erwinberg

Whereas a group of Androge physicians recently announced that, because Tricare pays less than 21% of the cost of ~~care~~ care for eligible patients, they will no longer serve Tricare patients; and

Add to the appropriate line in the bill

27-LS1429\I
Wayne
3/16/12

CS FOR HOUSE RESOLUTION NO. 11()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE STATE AFFAIRS COMMITTEE

A RESOLUTION

1 **In support of providing TRICARE program health care benefits to United States**
2 **military retirees as promised.**

3 **BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:**

4 **WHEREAS** recruiting and maintaining a high-quality, all-volunteer, effective
5 military force to safeguard national security is a primary goal of the United States Department
6 of Defense; and

7 **WHEREAS** persons who volunteer for military service are at risk of mortal harm
8 throughout the time they serve; and

9 **WHEREAS** the people of the state and nation rely on the men and women who serve
10 in the military to execute faithfully that service; and

11 **WHEREAS** it is reasonable for the men and women who serve in the military to rely
12 on promises made to them by the people of the state and nation; and

13 **WHEREAS** men and women who serve in the military have been promised they will
14 receive military retiree health care benefits from the TRICARE program of the United States
15 Department of Defense Military Health System (10 U.S.C. 55) after they perform 20 or more
16 years of honorable military service; and

1 **WHEREAS** breaking that promise would be dishonorable;

2 **BE IT RESOLVED** that the House of Representatives supports providing to military
3 retirees who have kept their oaths of office and who have served the people of the state and
4 nation during times of war and armed conflict the TRICARE program health care benefits
5 they were promised in exchange for that service without their being required to participate in
6 health care programs that are more expensive to them than the TRICARE program and
7 without their eligibility for TRICARE program health care benefits being made subject to
8 means testing.

9 **COPIES** of this resolution shall be sent to the Honorable Barack Obama, President of
10 the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and
11 President of the U.S. Senate; the Honorable Leon E. Panetta, United States Secretary of
12 Defense; the Honorable Janet A. Napolitano, United States Secretary of Homeland Security;
13 the Honorable John E. Bryson, United States Secretary of Commerce; the Honorable Kathleen
14 Sebelius, United States Secretary of Health and Human Services; General Martin E.
15 Dempsey, Chair, Joint Chiefs of Staff; the Honorable Regina M. Benjamin, Surgeon General
16 of the United States; and the Honorable Lisa Murkowski and the Honorable Mark Begich,
17 U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska
18 delegation in Congress.

Alaska State Legislature

Chairman
State Affairs Committee

Member
Judiciary Committee
Energy Special Committee
Joint Armed Services Special Committee
Military and Veterans' Affairs Committee

Finance Subcommittees
Administration
Corrections
Military and Veterans' Affairs



A Communication From
REPRESENTATIVE BOB LYNN
District 31 Anchorage

Chair – House State Affairs Committee

Session:
Alaska State Capitol #108
Juneau, AK 99801-1182

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CSHR 11

Explanation of Changes from Version A to Version I

An Addition to Page 2 starting on Line 12:

A copy of this resolution will also be provided to the **the Honorable Janet A. Napolitano, United States Secretary of Homeland Security; the Honorable John E. Bryson, United States Secretary of Commerce; the Honorable Kathleen Sebelius, United States Secretary of Health and Human Services;**

Homeland Security is not within the Department of Defense.

Alaska State Legislature



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State Affairs Committee

Member
Judiciary Committee
Energy Special Committee
Joint Armed Services Special Committee
Military and Veterans' Affairs Committee

Finance Subcommittees
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Sponsor Statement **HR 11**

This resolution is simple. Resolved: protect those who protect us.

HR 11 urges Congress to shield our military retirees from onerous healthcare mandates and to continue existing TRICARE benefits earned by and promised to our brave soldiers, sailors, airmen and marines.

We owe a special obligation to our military service members who have worked long hours, for little pay, often under dangerous conditions, and forced to be away from family, to protect the rest of us. We must ensure the same level of security in healthcare that they have ensured for us as a free nation.

We recognize this is a time of austerity, but it's just plain wrong to balance the costs of other programs on the backs of those who have made some of the greatest sacrifices in our society. Those who put their lives on the line in service to our country should have the finest healthcare coverage available

It is more than a valuable tool for the recruitment and retention. It is a promise we should keep.

We urge you to support this resolution. We urge you to protect American military families from the government hijacking their healthcare benefits.

THE
WASHINGTON FREE BEACON



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.

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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Jenkins: It's obscene to balance budget on backs of vets

By PAUL JENKINS
COMMENT

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I knew this guy in college. He had just returned from Vietnam, or, more accurately, his long, painful hospital stay after Vietnam. Long hair. Bushy beard. A grunt, he had lost his right leg just below the knee and carried scars and bits of jagged metal in his body.

A booby trap. He said he did not remember much. A drizzly day. A flash. Face-down in the muck. Floating. A buddy screaming at him to hang on. A Huey's blood-slippery floor. His wife told quite a different story. She said he relived it every night, every second, in every night terror. She said it in a whisper.

It was easy to admire him. An "A" student, a workout nut, a skydiver. He wanted me to join him, but, really, there is no reason to leave a perfectly good airplane. There was not much, if anything, he could not do, would not try.

But there was the pain. From time to time, he would check in with the Veterans Administration so doctors could push and poke and cut to remove jagged fragments he still carried, or adjust his prosthetic leg.

"At least," he grimaced after a trip to the VA, "they'll take care of this for the rest of my life." Then, he burst out laughing. He already had figured it out.

I thought of him when the Obama administration, as part of \$487 billion in Pentagon cuts, announced it wants to jack up the amount military families and retirees pay for health care. The plan -- sleep well, America -- calls for unionized civilian defense workers' benefits to remain untouched.

The Washington Free Beacon, edited by the Washington Time's Bill Gertz, says the plan, for most of its savings, targets under-65 and Medicare-eligible military retirees through a tiered increase in annual Tricare premiums -- 30 percent to 78 percent the first year -- to

be based on annual retirement pay. In the next five years it imposes increases up to 345 percent. A retired Army colonel with a family, now paying \$460 annually for health care, will pay \$2,048, Gertz reported. The new plan has active duty personnel paying increased co-payments for pharmaceuticals and it eliminates incentives for generic drugs.

Congress could choke on this needs-based mess. While the House and Senate are anxious to shirk their oversight duties and wear fiscal blinders to enrich their pals, this kind of thing can come back to bite. Even some on the left get it -- kinda.

With this nation's wanton government waste, the administration's plan is obscene. The Government Accountability Office routinely reports myriad federal program overlaps and unnecessary duplication that cost tens, if not hundreds, of billions. The waste is so overwhelming it is difficult to calculate. There is everything from \$175,000 for a study on cocaine and the risky sex habits of quail, to \$10 million to export "Sesame Street" to Pakistan, to \$120 million in government benefits to dead people. The list is endless, but, yet, some are eager to begin balancing the books on the backs of our military.

The truth is, we have more than enough to keep our promise to the military and their families; a promise we must keep. We send them to the God-forsaken back alleys of the world. We pay them squat. We talk the talk; they and theirs get to walk the talk. We tell them: If you will offer us your lives, and put your future in doubt, we will take care of you. That's the agreement. It should not, for crying out loud, be like doing business with a credit card company, where the deal changes and you have no say.

The disgrace is that any on-duty military, or wounded or disabled veterans or retirees must pay a single, red cent for medical care. When they raised their right hand to God, they and theirs earned it forever. If need be, cut benefits to the half of this nation that contributes nothing.

My buddy all those years ago knew not to trust a promise. I thought he was wrong.

It is to our everlasting shame that he was right.

Paul Jenkins is editor of the **AnchorageDailyPlanet.com**.

Read more here: <http://www.adn.com/2012/03/03/2350482/its-obscene-to-balance-budget.html#storylink=cpy>

**NATIONAL EXECUTIVE COMMITTEE
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
MAY 4 – 5, 2011**

**Resolution No. 24: The American Legion's Position on Tricare
Origin: National Security Commission
Submitted by: National Security Commission**

WHEREAS, The American Legion recognizes the nation's debt owed to the entire military retirement community for their sacrifices and hardships endured in honorable military service to this nation; and

WHEREAS, Military retirees have borne unique and arduous service conditions for 20 or 30 years that other Americans have not endured, including hazardous duty in foreign countries often involving combat, and extended family separations; and

WHEREAS, America is currently in a fiscally challenging period where increased budget cuts and calls for reduced entitlements may significantly and negatively impact retirees, veterans, and their families; and

WHEREAS, The continuing decline of experience in military service by Congressional members and the American public in general has led to a disaffection with maintaining entitlements for retirees and veterans; and

WHEREAS, It is anticipated that national security imperatives placed on the Department of Defense due to world wide instability will increase the need for a larger and more deployed active duty and reserve component force; and

WHEREAS, This larger force will ultimately lead to an ever increasing number of retirees; and

WHEREAS, It is anticipated that retiree benefits such as Tricare will become an ever increasing percentage of the Department of Defense budget; and

WHEREAS, The American Legion has always considered itself a partner with the Department of Defense; and

WHEREAS, The American Legion resists increases in Tricare premiums to retirees and adamantly opposes any proposal that will significantly and negatively impact quality of life benefits for honorable military service; now, therefore, be it

RESOLVED, By The American Legion in National Executive Committee assembled in Indianapolis Indiana May 4-5, 2011, That The American Legion shall prevail upon this administration and the Department of Defense (DoD) to reconsider any proposals to implement any increases in military retirees' Tricare enrollment fees, deductibles, or premiums; and, be it further

RESOLVED, That before those proposals are considered all efforts must be shown to have been exhausted to remove waste, fraud, and abuse from the Tricare program; and, be it further

RESOLVED, That any increases will be reinvested in the Tricare program to improve healthcare access for retirees and their families and not returned to the general DoD budget for other purposes; and, be it further

RESOLVED, That any increases should, by law, have no negative impact on retirees financially, and that any increase must be directly tied to and not exceed the annual cost of living adjustment percentage provided to retirees; and, be it finally

RESOLVED, That the American Legion will continue research and advocate for the best course of action to insure the most effective, lowest cost, and responsible way to deliver healthcare to retirees, veterans, and their families.



T H E M I L I T A R Y C O A L I T I O N

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**STATEMENT OF
THE MILITARY COALITION (TMC)**

On

Military Health Care Issues

**SENATE ARMED SERVICES
SUBCOMMITTEE ON PERSONNEL**

March 14, 2012

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE. On behalf of The Military Coalition (TMC), a consortium of nationally prominent uniformed services and veterans' organizations, we are grateful to the committee for this opportunity to express our views concerning issues affecting the uniformed services community. This testimony provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the seven uniformed services, plus their families and survivors.

Air Force Association
Air Force Sergeants Association
Air Force Women Officers Associated
Army Aviation Association of America
Association of Military Surgeons of the United States
Association of the United States Army
Association of the United States Navy
Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
Commissioned Officers Association of the U.S. Public Health Service, Inc.
Enlisted Association of the National Guard of the United States
Fleet Reserve Association
Gold Star Wives of America, Inc.
Iraq and Afghanistan Veterans of America
Jewish War Veterans of the United States of America
Marine Corps League
Marine Corps Reserve Association
Military Chaplains Association of the United States of America
Military Officers Association of America
Military Order of the Purple Heart
National Association for Uniformed Services
National Guard Association of the United States
National Military Family Association
Naval Enlisted Reserve Association
Non Commissioned Officers Association
Reserve Enlisted Association
Reserve Officers Association
Society of Medical Consultants to the Armed Forces
The Retired Enlisted Association
United States Army Warrant Officers Association
United States Coast Guard Chief Petty Officers Association
Veterans of Foreign Wars
Wounded Warrior Project

The Military Coalition, Inc. does not receive any grants or contracts from the federal government.

Executive Summary

FY2013 Budget Submission on TRICARE Fees

The Coalition believes DoD's proposals for dramatic TRICARE fee hikes constitute a serious breach of faith with currently serving troops and families by cutting their future healthcare benefits. And if breaking faith with the currently serving is wrong, so is imposing a major "bait and switch" change on those who already completed 20-30 year careers, induced by promises of current benefits.

TRICARE Prime Fees: Reject any increase in TRICARE Prime fees that exceeds the COLA-based standard established in the FY2012 Defense Authorization Act.

TRICARE Standard Fees:

- The Coalition urges rejection of any TRICARE Standard enrollment fee unless and until the government provides guaranteed access to care for Standard beneficiaries
- The Coalition urges the Subcommittee to reject DoD's proposal to nearly double the TRICARE Standard deductible over the next five years.

TRICARE For Life Enrollment Fee: Sustain current law that avoids any enrollment fee for TRICARE For Life, consistent with Congress' determination in 2001 that the service and sacrifices extracted from military retirees and families over the course of their careers constituted a pre-paid premium for their TFL coverage as a Medicare supplement.

TRICARE Pharmacy Copays: Reject Administration-proposed pharmacy copayment increases that would inappropriately "civilianize" the military pharmacy benefit, dramatically raise costs for both retired and currently serving families, and deter beneficiaries from adhering to medication regimens that are essential to their long-term health as well as DoD's long-term cost containment.

TRICARE Proposals Raise New Inequities: The extremely limited categories of exemptions for survivors and disabled retirees disregard the similar or more severe situations of other survivors and disabled. The Coalition does not propose expanding the exemption, because that would imply a level of Coalition concurrence with the proposed fee hikes that does not exist. We raise this inequity issue as another reason why the proposed fee increases are grossly inappropriate for all grades and categories of beneficiaries.

TRICARE Fee "Tiering": Strongly oppose means-testing of military benefits, under which longer and more successful service would be penalized by progressive reduction of military healthcare benefits. The Coalition believes all retired servicemembers earned equal health care coverage by virtue of their service and that the proposed dramatic fee increases are inappropriate for servicemembers of all grades.

TRICARE Fee Indexing: Reject the DoD-proposed tying of annual increases in military health care fees to an index of health cost growth which would dramatically and disproportionately accelerate military healthcare fees over time.

Military Health Care Principles: The Coalition believes the law should be changed to explicitly acknowledge that:

- The healthcare benefit provided for members and families who endure to complete a military career should be among the very best available to any American;
- The decades of service and sacrifice rendered by career military personnel constitute a significant pre-paid premium toward their healthcare in retirement; and
- The large value of this pre-paid premium should be accounted for by minimizing fees payable in retirement and avoiding significant and arbitrary increases from year to year.

Leadership Accountability

The Coalition urges the Subcommittee to hold Defense leaders accountable for their own management, oversight, and efficiency failures before seeking to shift more costs to beneficiaries. Congress should direct DoD to pursue any and all options to constrain the growth of health care spending in ways that do not disadvantage beneficiaries.

Wounded, Ill, and Injured Servicemember Issues

The Coalition urges:

- Joint hearings by the Armed Services and Veterans Affairs Committees addressing the Joint Executive Council's (JEC) effectiveness in daily oversight, management, collaboration, and coordination of the Departments' wounded, ill, and injured servicemember programs.
- Permanent funding, staffing, and accountability for congressionally mandated Defense Centers of Excellence and associated mental-behavioral health, suicide prevention, caregiver, respite, and other medical and non-medical programs.
- Continued aggressive oversight of the Integrated Disability Evaluation and legacy disability evaluations systems to ensure preservation of the 30-percent threshold for medical retirement, consistency and uniformity of policies, ratings, legal assistance, benefits, and transitional services Defense-wide.

DoD – VA Seamless Transition

The Coalition urges:

- Joint hearings by the Armed Services and Veterans Affairs Committees to assess the effectiveness of current seamless transition oversight efforts and systems and to solicit views and recommendations from DoD, VA, the military services, and non-governmental organizations concerning how joint communication, cooperation, and oversight could be improved.
- Authorizing service-disabled members and their families to receive active-duty-level TRICARE benefits, independent of availability of VA care for three years after medical retirement to help ease their transition from DoD to VA.
- Ensuring Guard and Reserve members have adequate access and treatment in the DoD and VA health systems for Post Traumatic Stress Disorder and Traumatic Brain Injury following separation from active duty service in a theatre of operations.

DoD-VA Integrated Disability Evaluation System (IDES)

The Coalition recommends:

- Preserving the statutory 30 percent disability threshold for medical retirement in order to provide lifetime TRICARE coverage for those who are injured while on active duty.
- Reforming the DoD disability retirement system to require inclusion of all unfitting conditions and accepting the VA's "service-connected" rating.
- Ensuring any restructure of the DoD and VA disability and compensation systems does not inadvertently reduce compensation levels for disabled service members.
- Eliminating distinctions between disabilities incurred in combat vs. non-combat when determining benefits eligibility for retirement.
- Revision of the VA schedule for rating disabilities (VASRD) to improve the care and treatment of those wounded, ill and injured, especially those diagnosed with PTSD and TBI.
- Barring designation of disabling conditions as "existing prior to service" for servicemembers who have been deployed to a combat zone.
- Directing DoD to re-engineer and redesign the front end of IDES to (1) better ensure medical evaluations are consistently based on a fully developed, accurate medical summary; (2) permit the servicemember's full participation; (3) afford each individual consistent, effective representation throughout the process; and (4) streamline the system by eliminating the redundancy of dual adjudication of disability.

Caregiver/Family Support Services

The Coalition recommends:

- Providing enhanced training of DoD and VA medical and support staff on the vital importance of involving and informing designated caregivers in treatment of and communication with severely ill and injured personnel.
- Providing health and respite care for non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage while the injured member remains on active duty, commensurate with what the VA authorizes for medically retired or separated members' caregivers.
- Extending eligibility for residence in on-base facilities for up to one year to medically retired or severely wounded servicemembers and their families (or until the medically retired or severely injured service member receives a VA compensation rating, whichever is longer).

Guard and Reserve Healthcare

The Coalition recommends:

- Authorizing TRICARE for early Reserve retirees who are in receipt of retired pay prior to age 60
- Authorizing premium-based TRICARE coverage for members of the Individual Ready Reserve after being called to active service for a cumulative period of at least 12 months
- Permitting employers to pay TRS premiums for reservist-employees as a bottom-line incentive for hiring and retaining them.
- Authorizing an option for the government to subsidize continuation of a civilian employer's family coverage during periods of activation, similar to FEHBP coverage for activated Guard-Reserve employees of Federal agencies.
- Extending corrective dental care following return from a call-up to ensure G-R members meet dental readiness standards.

- Allowing eligibility in Continued Health Care Benefits Program (CHCBP) for Selected Reservists who are voluntarily separating and subject to disenrollment from TRS.
- Allowing beneficiaries of the FEHBP who are Selected Reservists the option of participating in TRICARE Reserve Select.

Additional TRICARE Prime Issues

The Coalition urges the Subcommittee to:

- Require reports from DoD and the managed care support contractors on actions being taken to improve Prime patient satisfaction, provide assured appointments within Prime access standards, reduce delays in preauthorization and referral appointments, and provide quality information to assist beneficiaries in making informed decisions.
- Require increased DoD efforts to ensure consistency between both the MTFs and purchased care sectors in meeting Prime access standards.
- Ensure timely notification of and support for beneficiaries affected by elimination of Prime service areas.

Additional TRICARE Standard Issues

The Coalition urges the Subcommittee to:

- Bar any further increase in the TRICARE Standard inpatient copay for the foreseeable future. Insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation to meet the threshold.
- Require a specific report on provider participation adequacy in the localities where Prime Service Areas will be discontinued under the new TRICARE contracts.
- Increase locator support to TRICARE Standard beneficiaries seeking providers who will accept new Standard patients, particularly for mental health specialties.

Overview

Mr. Chairman and distinguished members of the Subcommittee, The Military Coalition extends our thanks to you for your strong support of our active duty, Guard, Reserve, retired members, and veterans of the uniformed services and their families and survivors.

Congress has improved retention and readiness by addressing a number of quality of life issues for the military community over the last decade including enactment of TRICARE For Life, TRICARE Senior Pharmacy coverage, and health coverage for the Guard and Reserve community, among many other important initiatives.

Now, ironically, critics decry the growth in health care spending over the last decade, ignoring that much of that cost was driven by wartime requirements and service organizational and readiness priorities rather than cost-efficient delivery of beneficiary care.

As Congress assesses how to fairly allocate necessary sacrifices among the various segments of the population, the Coalition urges that you bear in mind that:

- Assertions about personnel and health cost growth over the last decade are highly misleading, because 2001 (when nearly all older beneficiaries had been pushed out of military health coverage) is not an appropriate or reasonable baseline for comparison – 2001 was the “bottom” as far as military benefits were concerned. Congressional spending to fix that problem since then was a necessary thing, not a bad thing.
- DoD health costs remain well below the 16% share health care comprises of the national GDP.
- Assertions that cutbacks for retirees don’t affect the currently serving force are a delusion. Significant benefit cutbacks for retirees reduce incentives for the currently serving to complete a career. A currently serving member who will retire next month, next year, or next decade is definitely affected by such cutbacks.
- Retired servicemembers, their families and survivors have been no stranger to sacrifice. Nearly 600,000 of today’s retirees served on active duty during the current Iraq/Afghanistan wars. Hundreds of thousands more saw service in multiple hot and cold conflicts. Older retirees endured years when the government provided them no military health coverage, and those retired between 1985 and 2005 have forfeited an average 10% of earned retired pay because they retired under pay tables depressed by decades of budget-driven capping of military raises below civilian pay growth.
- Pentagon leaders’ insensitivity to this situation is perfectly illustrated by Secretary Panetta’s answer at a recent Senate Budget Committee hearing. When asked why the proposal focuses so much on raising fees for military retirees, he answered they would accept the changes because they’re used to doing what they’re told and used to a culture of sacrifice. In other words, they’re used to abuse so we can – and plan – to abuse them again.

- Military members' and families' sacrifices must not be taken for granted by assuming they will continue to accept the extraordinary personal and family sacrifices inherent in a multi-decade service career regardless of significant changes in their career incentive package.
- At a time when Congress is focused on lowering payroll taxes and avoiding any tax increases for other Americans, including millionaires and billionaires, it's grossly inappropriate to impose a \$1,000-\$2,000 new annual tax on the one group of citizens who already have sacrificed more for their country than any other.
- The Coalition is appalled that fully 60% of the projected savings associated with the proposed TRICARE fee increases accrue from the assumption that the fee increases will be so onerous as to drive many thousands of military beneficiaries away from using their service-earned coverage. When similar assumptions were highlighted about earlier DoD TRICARE fee proposals, Congress rightly deemed it grossly inappropriate to entice members to career service with promises of care and then consciously implement plans to drive them away from using that hard-earned care. That's no less true in 2012 than it was in 2007 and 2008.
- History shows clearly that there are unacceptable retention and readiness consequences for short-sighted budget decisions that cause servicemembers to believe their steadfast commitment to protecting their nation's interests is poorly reciprocated.

FY2013 Budget Submission

The President's proposed FY2013 budget has embraced the concept put forth by the Defense Department in past years that TRICARE benefits for retired beneficiaries should "trend toward market rates" by significantly increasing fees for retired beneficiaries and family members under 65.

The proposal would shift \$35 billion in costs to retired and some currently serving military families over the next 10 years through dramatic and disproportional healthcare fee increases. These fee levels are similar to those recommended by the Defense Department in past years, which the Subcommittee and Congress rejected as excessive on the basis that:

- Pentagon leaders need to demonstrate more effective cost management of their own before shifting significant additional costs to beneficiaries.
- Achieving savings by seeking to deter beneficiaries from using their service-earned benefits is inappropriate.

The budget proposes to raise beneficiary costs over the next ten years by:

- Raising annual fees by as much as \$1,500 or more for retired families under age 65.
- Establishing new annual enrollment fees of up to \$950 for retired couples over age 65.
- Imposing means-testing of military retiree health benefits – which no other federal employee experiences.
- Dramatically increasing pharmacy co-pays to approach or surpass the median of civilian plans.

- Tying future annual increases to an unspecified health cost index estimated to average 6.2% per year.

DoD leaders have made a great point of their intent to “keep faith with currently serving troops” by avoiding any retirement changes that would affect the current force.

But their concept of “keeping faith on retirement” doesn’t extend to retirement health care benefits, as the proposed changes would affect any currently serving member who retires the day after they were implemented. This has the same effect as reducing their retired pay by up to \$2,000 a year or more. Further, the pharmacy changes would affect hundreds of thousands of currently serving Guard/Reserve members and families, as well as the family members of currently serving personnel who don’t have access to military pharmacies.

The Coalition believes DoD’s proposals for dramatic TRICARE fee hikes constitute a serious breach of faith with currently serving troops and families by cutting their future healthcare benefits. And if breaking faith with the currently serving is wrong, so is imposing a major “bait and switch” change on those who already completed 20-30 year careers, induced by promises of current benefits.

TRICARE Prime Fees. The Administration’s TRICARE Prime Fee proposal for FY2013 is a radical departure from the new fee structure the Administration proposed and Congress accepted for FY2012.

Last year, finally acknowledging Congress’ long-standing concerns about the inappropriateness of dramatic increases in beneficiary fees, the Administration proposed a 13% increase in TRICARE Prime fees. In the absence of congressional objection, the increase was implemented as of October 1, 2011.

The new proposal for FY2013-2017 is a dramatic departure, proposing to triple or quadruple fees over the next five years, as indicated in the chart below.

<u>Retired Pav**</u>	DoD-Proposed TRICARE Prime Enrollment Fee for Retired Beneficiaries Under Age 65 (Family Rate)*					
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY2017***</u>
\$0-22,589	\$520	\$600	\$680	\$760	\$850	\$893
\$22,590-\$45,178	\$520	\$720	\$920	\$1,185	\$1,450	\$1,523
\$45,179 or more	\$520	\$820	\$1,120	\$1,535	\$1,950	\$2,048

*Single rate is 50% of family rate

** Retired pay thresholds to be indexed to COLA increases

*** Fees for FY18 and outyears to be indexed to health cost inflation

This proposal flies in the face of the specific language of the FY2012 Defense Authorization Act – signed into law less than three months ago – requiring that the percentage increase in TRICARE Prime fees for FY2013 and later years shall not exceed the percentage growth in military retired pay.

The logic behind the COLA cap has not changed in the last three months. Its purpose was to protect retirees against arbitrary, budget-driven initiatives to impose dramatic new fee increases.

The COLA cap was intended to help recognize that:

- Military retirees already pre-paid very large premiums for their health care in retirement through their decades of service and sacrifice in uniform, and that
- They shouldn't be subjected to a double penalty by having their fees raised dramatically after they've already rendered a career of service induced by long-standing government retirement and healthcare promises.

The Coalition urges the Subcommittee to reject any increase in TRICARE Prime fees that exceeds the COLA-based standard established in the FY2012 Defense Authorization Act.

TRICARE Standard Fees. The Administration proposes two changes to TRICARE Standard that are not authorized under current law: a new enrollment fee that would increase significantly over time, and a significant adjustment to the Standard deductible, which is set by current law at \$150 for a single person and \$300 for a family.

DoD-Proposed TRICARE Standard Annual Fees for Retired Beneficiaries Under Age 65 (Family Rate)*						
<u>Enrollment Fee</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY2017**</u>
	\$0	\$140	\$170	\$200	\$230	\$250
<u>Deductible</u>	\$300	\$320	\$400	\$460	\$520	\$580

*Single rate is 50% of family rate

** Fees for FY18 and outyears to be indexed to health cost inflation

The Coalition strongly opposes any enrollment fee for TRICARE Standard. An enrollment fee is only appropriate when the beneficiary is guaranteed a certain level of care. While the Defense Department has specified standards for TRICARE Prime, it's definitely not the case with TRICARE Standard.

According to DoD's own surveys, there are localities where finding a provider who will accept Standard patients is very difficult. This is particularly true for some high-demand specialties such as psychiatry.

In the absence of guaranteed access to care, there should be no enrollment fee.

Establishing an explicit enrollment requirement also would change the fundamental character of this service-earned healthcare benefit by forcing a choice between military health coverage and other available coverage. Many use TRICARE as a contingent coverage that is there as a fallback if they lose their civilian job, if their civilian insurance offers limited coverage, etc. Throughout their careers, they were told they would have this coverage. The Coalition objects to a system that backs them into a situation that implies it's a reasonable decision to forfeit that earned protection because they have other insurance that may or may not endure. In other words, their military ID card is and should continue to

represent their automatic enrollment in the default military healthcare option unless they choose to enroll in Prime or age into TRICARE For Life.

The Coalition also objects strongly to the proposal to nearly double the annual Standard deductible over the next 5 years. Standard-eligible retired beneficiaries who are able to find a participating provider already are absorbing a 25% copay, and so their costs have risen as allowable charges have risen.

The Coalition urges the Subcommittee to reject any TRICARE Standard enrollment fee unless and until the government provides guaranteed access to care for Standard beneficiaries

The Coalition urges the Subcommittee to reject DoD’s proposal to nearly double the TRICARE Standard deductible over the next five years.

TRICARE For Life Fees. The Administration proposes a new TRICARE For Life (TFL) enrollment fee for beneficiaries age 65 and older, with successive annual increases as indicated in the chart below:

**DoD-Proposed TRICARE-for-Life Annual Enrollment Fee
(Per Individual Beneficiary Age 65+)**

<u>Retired Pav*</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY2017**</u>
\$0-22,589	\$0	\$35	\$75	\$115	\$150	\$158
\$22,590- \$45,178	\$0	\$75	\$150	\$225	\$300	\$317
\$45,179 or more	\$0	\$115	\$225	\$335	\$450	\$475

** Retired pay thresholds to be indexed to COLA increases

*** Fees for FY18 and outyears to be indexed to health cost inflation

Again, the Coalition believes strongly that an enrollment fee is only appropriate when there is a guarantee of timely access to quality healthcare. While that is the case with TRICARE Prime, there is no such guarantee for TFL beneficiaries.

Because TFL is available only if the beneficiary enrolls in Medicare Part B and acts as second-payer to Medicare, it provides coverage only in the case of providers who accept Medicare patients.

In many localities around the country, more and more providers are limiting the number of Medicare patients they serve. In some localities, providers are refusing to accept any new Medicare patients.

In the event a provider refuses to accept Medicare, the beneficiary must absorb the full cost of the care, as Medicare will not reimburse the beneficiary for any share of the charges.

The reality is that Medicare patients already pay significantly more for their care than beneficiaries under 65 do because of the statutory requirement to enroll in Medicare Part B to be eligible for TFL. This means a TFL-eligible couple already is paying premiums of at least \$2,400 per year in 2012. Couples in higher income brackets may pay up to \$7,680 per year in Part B premiums alone.

Further, large numbers of these retired members already suffer severe and permanent financial penalties as a result of past government budget crises that caused depression of their annual pay raises while on active duty. Depression of military pay over time caused military pay scales to lag up to 13.5% behind private sector pay. Members who retired under those depressed pay scales already are being made to forfeit thousands of dollars per year, and those penalties will last through their lifetimes. Adding a TFL enrollment fee would add further financial insult to that grievous injury.

TFL was enacted in 2001 to rectify the previous decade's disenfranchisement of older military beneficiaries from virtually all military healthcare coverage in the wake of the BRAC-driven closure and downsizing of hundreds of military hospitals and clinics.

When Congress enacted TFL, it did so with the explicit acknowledgement that an enrollment fee for this program is inappropriate.

In passing the new law, Congress acknowledged that the premium for this Medicare-supplemental coverage already had been paid in full through decades of service and sacrifice.

The Coalition believes strongly that the experience of the last decade – during which the military community has been required to bear 100% of the nation's wartime sacrifice – only reinforces the rightness of Congress' 2001 acknowledgement that imposing an enrollment fee for TFL is inappropriate.

The Coalition urges strongly against imposing any enrollment fee for TRICARE For Life.

Proposed Fees Raise New Series of Inequities

The Coalition appreciates that some modest effort was made to accommodate human concerns by exempting medical (Chapter 61) retirees and survivors of members who died on active duty.

However, these very restricted exemptions create a whole new series of inequities that demonstrate a gross lack of appreciation for the circumstances of various beneficiary populations.

Limiting survivor exemption to cases of deaths on active duty ignores that other categories of survivors, most of whom are older, typically have far less resources than survivors of recent active duty deaths. Thousands of these older survivors have no income at all from the military or the VA, and received dramatically lower Servicemen's Group Life Insurance settlements than are available today -- yet they would be subjected to the higher TRICARE fees.

Among retirees, the sole exemption of chapter 61 (medical retirement) cases similarly ignores the realities of the disabled retiree population.

Medical retirees include not only the severely disabled, but also many with disability ratings of 30% (or lower in some cases, since members with 20+ years of service can be medically retired under chapter 61 with disability ratings as low as zero).

As the Subcommittee is only too well aware in the wake of multiple recent reviews and commissions in recent years, far larger numbers with significant disabilities were denied medical retirement under service policies and told to “see the VA for any disability issues.”

So a 20-year retiree with a zero-to-30% medical retirement would be exempted from the higher TRICARE fees that would be imposed on a similar 20-year non-medical retiree who is immediately acknowledged by the VA as 100% disabled.

The Coalition does not raise these inequity issues in order to propose expanding the exemption, because that would imply a level of Coalition concurrence with the proposed fee hikes that does not exist. We raise them as another reason why the proposed fee increases are grossly inappropriate for all grades and categories of beneficiaries.

Pharmacy Co-Payments. The Administration proposes dramatic increases in retail and other pharmacy copays, as shown in the chart below.

DoD-Proposed Pharmacy Co-Payments						
(For All Retirees, Survivors, Guard/Reserve and Active Duty Family Members)						
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY2017</u>
Retail (1 mo fill)						
Generic	\$5	\$5	\$6	\$7	\$8	\$9
Brand	\$12	\$26	\$28	\$30	\$32	\$34
Non-Formulary*	\$25	N/A	N/A	N/A	N/A	N/A
Mail-Order (3 mo fill)						
Generic	\$0	\$0	\$0	\$0	\$0	\$9
Brand	\$9	\$26	\$28	\$30	\$32	\$34
Non-Formulary	\$25	\$51	\$54	\$58	\$62	\$66

* Non-Formulary pharmaceuticals will have limited availability in retail pharmacies

Again, these are dramatic increases from the copayment rates the Administration proposed for FY2012, and implemented on Oct 1, 2011 in the absence of congressional objection.

For FY2012, the Administration imposed increases of \$2 to \$3 (e.g., from \$9 to \$12 for retail brand-name drugs and from \$3 to \$5 for retail generics.)

Now, only a year later, the proposal would more than double the new retail rates and triple the mail-order rates for brand-name medications.

In subsequent years, copays would rise for generics in the retail venue, and the copay the Administration just eliminated for mail-order generic drugs last year would not only be restored, but tripled.

These purely budget-driven proposals are inappropriate on several levels.

- The current \$5 retail generic copay already exceeds the \$4 generic copay widely available to any civilian who walks through the door at dozens of retail pharmacies. Proposed further increases in the outyears only exacerbate the relative disadvantage for military beneficiaries.
- The proposed brand-name and non-formulary copays would make the TRICARE pharmacy benefit little or no better than the median of civilian employer plans. In 2011, for example, 56% of civilian plans provide brand-name medications for a copay of \$25 or less, compared to the DoD-proposed \$26.
- Contrary to DoD assertions about exempting currently serving personnel from fee hikes, the pharmacy copay increases would apply to hundreds of thousands of drilling Guard and Reserve personnel, as well as to active duty, Guard and Reserve family members who don't have access to military pharmacies.
- DoD has expended relatively little substantive effort to increase use of the mail order system other than seeking to impose an ever-bigger "stick" of higher fees on those who use other venues. The Coalition has urged DoD to create positive incentives such as eliminating copays for maintenance medications (see next paragraph) and work with the Coalition to develop better communication materials to address real-world concerns that deter beneficiaries from mail-order use, and will continue to do so even with higher copays. These initiatives could save DoD hundreds of millions a year, but Coalition offers to partner on such efforts have been rebuffed.
- Such dramatic pharmacy copay increases will only discourage adherence to medication regimens for chronic conditions like asthma, diabetes, and more. Studies show that even modest copayment increases deter use of maintenance medications that are essential to preserving wellness and holding down far more expensive care when the conditions deteriorate. The Coalition has endorsed reducing or eliminating copays for maintenance medications to hold down long-term costs. This new proposal would fly in the face of that objective, sacrificing long-term beneficiary health for short-term cost savings.

The Coalition believes strongly that the TRICARE pharmacy benefit should be a top-tier benefit, not merely one that approaches the median of plans offered by civilian employers, and that it should enhance wellness goals rather than posing a new impediment to them.

The Coalition urges the Subcommittee to reject Administration-proposed pharmacy copayment increases that would inappropriately "civilianize" the military pharmacy benefit, dramatically raise costs for both retired and currently serving families, and deter beneficiaries from adhering to medication regimens that are essential to their long-term health as well as DoD's long-term cost containment.

Means-Testing Plan Discriminates Against Military Retirees. The Administration proposal envisions establishing graduated enrollment fees for TRICARE Prime and TFL, based on the amount of the retired servicemember's retired pay, as indicated in the charts previously shown.

This proposal would impose blatant and dramatic discrimination against military retirees.

No other federal employee or retiree pays income-based fees for service-earned health coverage. The President, the Secretary of Defense, and the Speaker of the House pay the same premiums as the lowest-paid federal civilian retiree.

Means-tested fees also are rare in the private sector. This is because healthcare has long been recognized as a service-earned benefit.

Means-testing healthcare as DoD proposes would turn the concept of service-based benefits on its head, so that the longer and more productive the service, the less the earned benefit.

This need-based mentality may be appropriate for social welfare programs, but its application to benefits that are earned by service and sacrifice is inappropriate and counterproductive.

The proposal also discriminates against the military by failing to apply the same protections provided to VA healthcare programs and beneficiaries.

No such fee increases are envisioned for VA care, and Congress expressly exempted VA healthcare and other programs from any reduction under sequestration.

In past years, Congress has strongly rejected far smaller VA fee increases proposed for non-disabled veterans who had served as few as two years.

In those contexts, imposing fee hikes of up to \$2,000 a year for those who have served and sacrificed for two or three decades is grossly inconsistent and inappropriate.

The Coalition urges the Subcommittee to oppose means-testing of military benefits, under which longer and more successful service would be penalized by progressive reduction of military healthcare benefits. The Coalition believes all retired servicemembers earned equal health care coverage by virtue of their service and that the proposed dramatic fee increases are inappropriate for servicemembers of all grades.

Indexing of TRICARE Fees. The Administration's FY2013 budget request proposes to index, either immediately or following some transition period, a variety of TRICARE fees to a health care cost index.

The specifics of how that cost index would be calculated, what beneficiary population it would account for, and who would be responsible for calculating it, have not yet been revealed to us.

Last year, DoD sources indicated an expectation that such an index would yield annual adjustments on the order of 6.2% per year.

The Coalition objects strongly to tying TRICARE fee growth for military beneficiaries to any measure of healthcare cost changes.

Indexing fees to healthcare cost growth would far outstrip annual retired pay increases and greatly erode retired compensation value.

During congressional debate on this topic last year, Congress rejected the health cost growth index and capped year-to-year percentage increases in TRICARE Prime fees at the percentage growth in military retired pay, reflecting the belief that the latter measure was fairer considering the very large, up-front premium already extracted from career military personnel over decades of service and sacrifice.

The chart below shows how DoD-proposed increases in TRICARE Prime enrollment fees, tied in the outyears to the proposed health cost index, would vastly exceed the COLA-based standard approved by Congress last year, imposing large beneficiary losses that would continue and accelerate with each passing year.

Monetary Impact of DoD-Proposed Fee Adjustment Methodology

Year	Cap at Retired Pay COLA* Percentage	DoD Proposal (tied to HC inflation)**	Difference (loss of purchasing power)	Year	Cap at Retired Pay COLA* Percentage	DoD Proposal (tied to HC inflation)**	Difference (loss of purchasing power)
2012	\$520	\$520	\$0	2029	\$859	\$3,135	\$2,275
2013	\$536	\$720	\$184	2030	\$885	\$3,329	\$2,444
2014	\$552	\$920	\$368	2031	\$912	\$3,535	\$2,624
2015	\$568	\$1,185	\$617	2032	\$939	\$3,755	\$2,815
2016	\$585	\$1,450	\$865	2033	\$967	\$3,987	\$3,020
2017	\$603	\$1,523	\$920	2034	\$996	\$4,235	\$3,238
2018	\$621	\$1,617	\$997	2035	\$1,026	\$4,497	\$3,471
2019	\$640	\$1,718	\$1,078	2036	\$1,057	\$4,776	\$3,719
2020	\$659	\$1,824	\$1,165	2037	\$1,089	\$5,072	\$3,983
2021	\$678	\$1,937	\$1,259	2038	\$1,121	\$5,387	\$4,265
2022	\$699	\$2,057	\$1,359	2039	\$1,155	\$5,721	\$4,565
2023	\$720	\$2,185	\$1,465	2040	\$1,190	\$6,075	\$4,886
2024	\$741	\$2,320	\$1,579	2041	\$1,225	\$6,452	\$5,226
2025	\$764	\$2,464	\$1,701	2042	\$1,262	\$6,852	\$5,590
2026	\$787	\$2,617	\$1,831	2043	\$1,300	\$7,277	\$5,977

2027	\$810	\$2,779	\$1,969	2044	\$1,339	\$7,728	\$6,389
2028	\$834	\$2,952	\$2,117	2045	\$1,379	\$8,207	\$6,828

* Uses DoD actuaries' 3% long-term COLA assumption for military retirement trust fund

**DoD proposal assumes a 6.2% annual health cost inflation factor

The Coalition urges the Subcommittee to reject the DoD proposal to index military health care fees to an index of health cost growth.

Annual Financial Impact of Fee Hikes on Military Families

The following chart highlights how the cumulative impact of the DoD-proposed fee changes would roughly double or triple annual health costs for the bulk of the affected force (grades E-7 to O-4). Cost growth would be significantly larger for grades W-4 and O-5 and above.

This chart assumes average use of medications. Many older families and those with disabled or otherwise at-risk children require significantly more medications, and the proposed doubling and tripling of pharmacy copays would increase those families' annual expenses substantially above those shown in the chart.

The chart also highlights what many overlook – that Medicare-eligibles already are required to pay significant Medicare Part B premiums in addition to the proposed new TFL and pharmacy fees.

Impact of DoD-Proposed FY2013 TRICARE Fees on Military Families (E-7 to O-4) (Recommended by DoD in the President's Budget)

E-7 / O-4 Retiree* Under Age 65, Family of Three

TRICARE Prime**	Current	FY 2013 Proposed	FY 2017
Enrollment Fee	\$520	\$720	\$1,523
Doctor Visit Copays	\$60	\$60	\$60
Rx Cost Shares***	\$408	\$744	\$1,032
Yearly Cost	\$988	\$ 1,524	\$2,615

Retiree Under Age 65, Family of Three

TRICARE Standard	Current	FY 2013 Proposed	FY 2017
Enrollment Fee	\$0	\$140	\$250
Deductible	\$300	\$320	\$580
Rx Cost Shares***	\$408	\$744	\$1,032
Yearly Cost	\$708	\$1,204	\$1,862

* Enrolled in 2nd Retirement Income Tier (W-4s, O-5s and higher grades would pay even more)

**Enrolled to the network and assumes 5 doctor visits per year.

***Assumes 2 generic and 2 brand name prescriptions per month in retail pharmacy

E-7 / O-4 Retiree* Over Age 65 and Spouse

TRICARE For Life**	Current	FY 13 Proposed	FY 2017
Medicare Part B	\$2,398	\$2,494****	\$2,917*****
Enrollment Fee*	\$0	\$150	\$634
Rx Cost Shares***	\$756	\$1,428	\$1,956
Yearly Cost	\$3,154	\$4,072	\$5,507

*Enrolled in 2nd Retirement Income Tier (W-4s, O-5s and higher grades would pay even more)

**Assumes lowest tier Medicare Part B premium for new enrollee in 2012.

***3 generic and 4 brand name prescriptions per month purchased at retail pharmacy

****Assumes Part B increases of 4% per year

Currently Serving Family of Four

TRICARE Standard*	Current	FY 13 Proposed	FY 2017
Enrollment Fee	\$0	\$0	\$0
Deductible	\$300	\$300	\$300
Rx Cost Shares**	\$264	\$432	\$624
Yearly Cost	\$564	\$732	\$924

* Spouse and 2 children use Standard.

**Assumes 2 generic and 1 brand name prescriptions per month at retail pharmacy.

Military vs. Civilian Cash Fees Is “Apple to Orange” Comparison

The Coalition continues to object strongly to simple comparisons of military vs. civilian cash fees. Such “apple to orange” comparisons ignore most of the very great price career military members and families pay for their coverage in retirement.

The unique package of military retirement benefits – of which a key component is a superior health care benefit – is the primary offset provided uniformed service members for enduring a career of unique and extraordinary sacrifices that few Americans are willing to accept for one year, let alone 20 or 30. It is an unusual and essential compensation package a grateful Nation provides to the small fraction of the population who agree to subordinate their personal and family lives to protecting our national interests for so many years.

For all practical purposes, those who wear the uniform of their country are enrolled in a 20- to 30-year pre-payment plan that must be completed to earn lifetime health coverage. Once that pre-payment is already rendered, the government cannot simply ignore it and focus only on post-service cash payments – as if the past service, sacrifice, and commitments had no value.

DoD and the Nation – as good-faith employers of the trusting members from whom they demand such extraordinary commitment and sacrifice – have a reciprocal health care obligation to retired service members and their families and survivors that far exceeds any civilian employer’s.

The Coalition believes the TRICARE fee controversy is caused in part by the lack of any statutory record of the purpose of military health care benefits and the specific benefit levels earned by a career of service in uniform.

Current law gives the Secretary of Defense broad latitude to adjust fees for TRICARE Prime and the pharmacy systems. Absent congressional intervention, the Secretary can choose not to increase fees for years at a time or to triple or quadruple fees, as in this year's budget proposal.

Until a few years ago, this was not a particular matter of concern, as no Secretary had previously proposed dramatic fee increases.

The experience of the recent past – during which several Secretaries proposed no increases and then a new Secretary proposed doubling, tripling, and quadrupling various fees – has convinced the Coalition that current law leaves military beneficiaries excessively vulnerable to the varying budgetary inclinations of the incumbent Secretary of Defense.

It's true that many private sector employers are choosing to shift more healthcare costs to their employees and retirees, and that's causing many still-working military retirees to fall back on their service-earned TRICARE coverage. Fallout from the recession has reinforced this trend.

Efforts to paint this in a negative light (i.e., implying that working-age military retirees with access to civilian employer plans should be expected to use those instead of military coverage) belie both the service-earned nature of the military coverage and the long-standing healthcare promises the government aggressively employed to induce their career service.

The Coalition believes the law should be changed to explicitly acknowledge that:

- *The healthcare benefit provided for members and families who complete a military career should be among the very best available to any American;*
- *The decades of service and sacrifice rendered by career military personnel constitute a significant pre-paid premium toward their healthcare in retirement; and*
- *The large value of this pre-paid premium should be accounted for by minimizing fees payable in retirement and avoiding significant and arbitrary increases from year to year.*

DoD Should Fix Inefficiencies, Not Punish Beneficiaries

Unlike civilian healthcare systems, the military health system is built mainly to meet military readiness requirements rather than to deliver needed care efficiently to beneficiaries.

Each Service maintains its unique facilities and systems to meet its unique needs, and its primary mission is to sustain readiness by keeping a healthy force and sustaining capacity to treat casualties from military actions. That model is built neither for cost efficiency nor beneficiary welfare.

When military forces deploy, the military medical force goes with them, and that forces families, retirees and survivors to use the more expensive civilian health care system in the absence of so many uniformed health care providers. This shift in the venue of care and the associated costs are completely out of beneficiary control.

These military-unique requirements have significantly increased readiness costs. But those added costs were incurred for the convenience of the military, not for any beneficiary consideration, and beneficiaries should not be expected to bear any share of military-driven costs – particularly in wartime.

The Coalition strongly rejects Defense leaders' efforts to seek dramatic beneficiary cost increases as a first cost-containment option rather than meeting their own responsibilities to manage military healthcare programs in a more cost-effective manner.

Instead of imposing higher fees on beneficiaries as the first budget option, DoD leaders should be held accountable for fixing their own management and oversight failures that add billions to defense health costs.

- Decades of GAO and other reports demonstrate DoD cost accounting systems are broken and unauditible.
- More than a dozen reports have recommended consolidated oversight of three separate service medical systems, four major contractors, and innumerable subcontractors that now compete for budget share in counterproductive ways.
- DoD-sponsored reviews indicate more efficient organization could cut health costs 30% without affecting care or beneficiary costs
- DoD's inexplicable refusal to partner with associations to expand mail-order pharmacy above the current low level has cost hundreds of millions per year (each prescription switched from retail to mail saves DoD \$125).
- Improve and expand focus on management of chronic diseases.
- Reduce inappropriate and costly emergency room use by expanding clinic hours, urgent care venues, open access appointing, and phone/web-based access to providers after hours.
- Reform the TRICARE contracting and acquisition process.
- Base incentives to providers on quality-driven clinical outcomes that reward efficiency and value.
- Eliminate referral requirements that add complexity and inhibit timely delivery of needed care.
- Fix broken appointing system that inhibits beneficiary access to care.

These are only some of the examples demonstrating that more effective management, oversight and reorganization of military healthcare delivery could dramatically reduce defense health costs without affecting care or costs for beneficiaries.

The Coalition urges the Subcommittee to hold Defense leaders accountable for their own management, oversight, and efficiency failures before seeking to shift more costs to beneficiaries. Congress should direct DoD to pursue any and all options to constrain the growth of health care spending in ways that do not disadvantage beneficiaries.

Wounded, Ill, and Injured Servicemember Care

Though the war in Iraq has officially ended and the country seeks an exit strategy in Afghanistan, the Coalition has great and continuing concerns about the longer-term stability and viability of the policies, programs, and services intended to care and support our wounded, ill, and injured and their families-caregivers.

As the Pentagon marks a decade at war, seamless transition between the Departments of Defense (DoD) and Veterans Affairs (VA) continues to be problematic in many cases for our wounded, ill, and injured troops; disabled veterans; and their family caregivers.

Since 2007, every National Defense Authorization Act has built upon institutionalizing a seamless and unified approach to caring and supporting America's wounded, ill, and injured and their families-caregivers.

TMC acknowledges the significant progress that has been made in caring for our nation's heroes and thanks the Subcommittee for its leadership and oversight on these pressing issues, particularly in the last four years since the Walter Reed scandal that brought to light the flaws and inadequacies of both DoD and VA health care and benefits systems.

But complex challenges remain in overseeing and validating massive policy and program changes among the military services; the DoD; the VA; several Centers of Excellence; a multitude of civilian contractors and non-governmental agencies; and at least six congressional oversight committees.

The Coalition looks forward to continued work with the Subcommittee to address the remaining issues and fully establish systems of seamless care and benefits that support our transitioning wounded warriors and family members.

TMC strongly urges:

- ***Joint hearings by the Armed Services and Veterans Affairs Committees addressing the Joint Executive Council's (JEC) effectiveness in daily oversight, management, collaboration, and coordination of the Departments' wounded warrior programs.***
- ***Permanent funding, staffing, and accountability for congressionally mandated Defense Centers of Excellence and associated mental-behavioral health, suicide prevention, caregiver, respite, and other medical and non-medical programs.***
- ***Continued aggressive oversight of the Integrated Disability Evaluation and legacy disability evaluations systems to ensure preservation of the 30-percent threshold for medical retirement, consistency and uniformity of policies, ratings, legal assistance, benefits, and transitional services Defense-wide.***

DoD – VA Seamless Transition

Institutional Oversight – While many legislative changes have improved the care and support of our wounded, ill, and injured servicemembers, the Coalition is concerned that the sunset in law of the DoD-VA Senior Oversight Committee (SOC) poses significant risks for effective day-to-day leadership and coordination of DoD and VA seamless transition efforts. While an informal SOC exists, the Pentagon has relegated responsibility and authority to lower levels of the agency, making it difficult for senior official involvement and oversight on these matters and limiting the Department's ability to fully establish a synchronized, uniform and seamless approach to care and services.

Previously, the Coalition has expressed concern that the change of Administration posed a significant challenge to the two departments' continuity of joint effort, as senior leaders whose personal

involvement had put interdepartmental efforts back on track left their positions and were replaced by new appointees who had no experience with past problems and no personal stake in ongoing initiatives.

Unfortunately, those concerns were realized, as many appointive positions in both departments went unfilled for long periods, requiring reorganization of responsibilities and entry of new people with little or no background or authority to engage systems and continue to move forward.

While many well-meaning and hard working military and civilians are doing their best to keep pushing progress forward, leadership, organization, and mission changes have left many leaders frustrated with the process.

The Coalition urges joint hearings by the Armed Services and Veterans Affairs Committees to assess the effectiveness of current seamless transition oversight efforts and systems and to solicit views and recommendations from DoD, VA, the military services, and non-governmental organizations concerning how joint communication, cooperation, and oversight could be improved.

In addition, the hearings should focus on implementation progress concerning:

- *Single separation physical;*
- *Single, integrated disability evaluation system;*
- *Bi-directional electronic medical and personnel records data transfer;*
- *Medical centers of excellence responsibilities vs. authority, operations, and research projects;*
- *Coordination of care and treatment, including DoD-VA federal/recovery care coordinator clinical and non-clinical services and case management programs; and*
- *Consolidated government agency support services, programs, and benefits.*

Continuity of Health Care – Transitioning between DoD and VA health care systems remains challenging and confusing to those trying to navigate and use these systems. Systemic, cultural, and bureaucratic barriers often prevent the service member or veteran from receiving the continuity of care they need to heal and have productive and a high level of quality of life they so desperately need and desire.

Service members and their families repeatedly tell us that DoD has done much to address trauma care, acute rehabilitation, and basic short-term rehabilitation. They are less satisfied with their transition from the military health care systems to longer-term care and support in military and VA medical systems.

We hear regularly from members who have experienced significant disruptions of care upon separation or medical retirement from service.

One is in the area of cognitive therapy, which is available to retired members under TRICARE only if it is not available through the VA. Unfortunately, members are caught in the middle because of differences between DoD and VA authorities on what constitutes cognitive therapy and the degree to which effective, evidenced-based therapy is available.

Action is needed to further protect the wounded, ill, injured, and disabled. The Subcommittee has acted previously to authorize three years of active-duty-level TRICARE coverage for the family members of

those who die on active duty. The Coalition believes we owe equal transition care continuity to those whose service-caused illnesses or injuries force their retirement from service.

The Coalition recommends:

- *Authorizing service-disabled members and their families to receive active-duty-level TRICARE benefits, independent of availability of VA care for three years after medical retirement to help ease their transition from DoD to VA.*
- *Ensuring Guard and Reserve members have adequate access and treatment in the DoD and VA health systems for Post Traumatic Stress Disorder and Traumatic Brain Injury following separation from active duty service in a theatre of operations.*

DoD-VA Integrated Disability Evaluation System (IDES) – One of the most emotional issues that emerged from the Walter Reed scandal was the finding that services were “low-balling” disabled servicemembers’ disability ratings, with the result that many significantly disabled members were being separated and turned over to the VA rather than being medically retired (which requires a 30% or higher disability rating)—a trend that continues today, especially for those in the Guard and Reserves.

Congress has taken positive steps to address this situation, including establishment of the Physical Disability Board of Review (PDBR) to give previously separated servicemembers an opportunity to appeal too-low disability ratings.

A jointly executed DoD-VA IDES pilot has been implemented and expanded, but experience under IDES has shown that the fundamental goals it was to achieve – to be more streamlined, faster, less complex, and non-adversarial -- have for the most part yet to be realized. The service member, typically without effective assistance, must navigate a still-complex adversarial system that is compromised by incomplete medical evaluations, overlooked conditions, and examinations omitting diagnoses – resulting in gaps in care, delays in decision-making, and lack of timely adjudication.

TMC was further encouraged that wounded, ill, and injured members would benefit from the Dec. 19, 2007 Under Secretary of Defense (Personnel and Readiness) Directive Type Memorandum (DTM) which added "deployability" as a consideration in the DES decision process – permitting medical separation/retirement based on a medical condition that renders a member non-deployable.

Unfortunately, several cases surfaced indicating the Services failed to incorporate the DTM in their DES process. In this regard, many members found “fit” by the PEB have been deemed by the service to be “unsuitable” for continued service – and administratively separated – because the member’s medical condition prevents them from being able to deploy or maintain their current occupational skill. The Coalition is grateful to the subcommittee for including provisions in both the FY2011 and FY2012 Defense Authorization Act prohibiting this practice.

Unfortunately, some services still use other loopholes, such as designating disorders as “existing prior to service” – even though the VA rated the condition as “service-connected” and the member was deemed fit enough to serve in a combat zone. The Coalition believes strongly that once we have sent a soldier,

sailor, airman or marine to war, the member should be given the benefit of the doubt that any condition subsequently found should not be considered as existing prior to service.

The Coalition believes strongly that all unfitting “service-connected” conditions as rated by the VA should be included in the DoD disability rating, and any member determined by the parent service to be 30 percent or more disabled should continue to be eligible for a military disability retirement with all attendant benefits, including lifetime TRICARE eligibility for the member and his/her family. We do not support efforts to disconnect health care eligibility from disability retired pay eligibility.

The Coalition also agrees with the opinion expressed by former Secretary Gates that a member forced from service for wartime injuries should not be separated, but should be awarded a high enough rating to be retired for disability.

The Coalition recommends:

- ***Preserving the statutory 30 percent disability threshold for medical retirement in order to provide lifetime TRICARE coverage for those who are injured while on active duty.***
- ***Reforming the DoD disability retirement system to require inclusion of all unfitting conditions and accepting the VA’s “service-connected” rating.***
- ***Ensuring any restructure of the DoD and VA disability and compensation systems does not inadvertently reduce compensation levels for disabled service members.***
- ***Eliminating distinctions between disabilities incurred in combat vs. non-combat when determining benefits eligibility for retirement.***
- ***Revision of the VA schedule for rating disabilities (VASRD) to improve the care and treatment of those wounded, ill, and injured, especially those diagnosed with PTSD and TBI.***
- ***Barring designation of disabling conditions as “existing prior to service” for servicemembers who have been deployed to a combat zone.***
- ***Directing DoD to re-engineer and redesign the front end of IDES to (1) better ensure medical evaluations are consistently based on a fully developed, accurate medical summary; (2) permit the servicemember’s full participation; (3) afford each individual consistent, effective representation throughout the process; and (4) streamline the system by eliminating the redundancy of dual adjudication of disability.***

Caregiver/Family Support Services – The sad reality is that, for the most severely injured servicemembers, family members or other loved ones are often required to become full-time caregivers. Many have lost their jobs, homes, and savings in order to meet caregiver needs of a servicemember who has become incapacitated due to service-caused wounds, injuries or illness.

The Coalition believes the government has an obligation to provide reasonable compensation and training for such caregivers, who never dreamed that their own well-being, careers, and futures would be devastated by military-caused injuries to their servicemembers.

In 2009, the Subcommittee authorized a special payment to an active duty servicemember to allow compensation of a family member or professional caregiver. The authorized payment was in the same amount authorized by the VA for veterans' aid-and-attendance needs, reflecting the Subcommittee's thinking that caregiver compensation should be seamless when the member transitions from active duty to VA care, as long as the caregiver requirements remain the same.

The Coalition appreciates the Subcommittee's effort to sustain that principle in the FY2011 Defense Authorization Act in terms of caregiver support, and urges additional steps to ensure that non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage are provided health and respite care while the injured member remains on active duty, commensurate with what the VA authorizes for caregivers of wounded, ill, and injured veterans.

In a similar vein, many wounded or otherwise-disabled members experience significant difficulty transitioning to medical retirement status. To assist in this process, consideration should be given to authorizing medically retired members and their families to remain in on-base housing for up to one year after retirement, in the same way that families are allowed to do when a member dies on active duty.

Another important care continuity issue for the severely wounded, ill and injured is the failure to keep caregivers of these personnel involved in every step of the care and follow-up process. Again and again, we are told of clinicians and administrative people who seek to exclude caregiver participation and talk only to the injured member – despite the reality that the injured member may not be capable of remembering instructions or managing their appointments and courses of care. In many cases, this occurs even when the caregiver has a medical power of attorney and other authorities documented in the member's records.

Congress, DoD and the VA have worked to get essential information to the wounded, ill, and injured and their caregivers. Similar efforts are urgently needed to educate medical providers and administrative staff at all levels that the final responsibility for ensuring execution of prescribed regimens of care for severely wounded, ill and injured servicemembers typically rests with the caregivers, who must be kept involved and informed on all aspects of these members' treatment, appointments, and medical evaluations.

The Coalition recommends:

- ***Providing enhanced training of DoD and VA medical and support staff on the vital importance of involving and informing designated caregivers in treatment of and communication with severely wounded, ill, and injured personnel.***
- ***Providing health and respite care for non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage while the injured member remains on active duty, commensurate with what the VA authorizes for eligible caregivers of medically retired or separated members.***

- *Extending eligibility for residence in on-base facilities for up to one year to medically retired or severely wounded, ill, and injured servicemembers and their families (or until the servicemember receives a VA compensation rating, whichever is longer).*

Guard and Reserve Health Care issues – The Coalition is very grateful for sustained progress in providing reservists' families a continuum of government-sponsored health care coverage options throughout their military careers into retirement, but key gaps remain.

For years, TMC has recommended continuous government health care coverage options for Guard and Reserve (G-R) families. Operational reserve policy during two protracted wars has only magnified that need.

DoD took the first step in the 1990s by establishing a policy to pay the Federal Health Benefits Program (FEHB) premiums for G-R employees of the Department during periods of their active duty service.

Thanks to this subcommittee's efforts, considerable additional progress has been made in subsequent years to provide at least some form of military health coverage at each stage of a Reserve Component member's life, including TRICARE Reserve Select for actively drilling Guard/Reserve families and TRICARE Retired Reserve for "gray area" retirees.

But some deserving segments of the Guard and Reserve population remain without needed coverage, including post-deployed members of the Individual Ready Reserve and early Reserve retirees who are in receipt of non-regular retired pay before age 60.

In other cases, the Coalition believes it would serve Guard/Reserve members' and DoD's common interests to explore additional options for delivery of care to Guard and Reserve families. As deployment rates decline, for example, it would be cost-effective to establish an option under which DoD would subsidize continuation of employer coverage for family members during (hopefully less-frequent) periods of activation rather than funding year-round TRS coverage.

TMC continues to support closing the remaining gaps to establish a continuum of health coverage for operational reserve families.

The Coalition recommends:

- *Authorizing TRICARE for early Reserve retirees who are in receipt of retired pay prior to age 60*
- *Authorizing premium-based TRICARE coverage for members of the Individual Ready Reserve after being called to active service for a cumulative period of at least 12 months*
- *Permitting employers to pay TRS premiums for reservist-employees as a bottom-line incentive for hiring and retaining them.*

- *Authorizing an option for the government to subsidize continuation of a civilian employer's family coverage during periods of activation, similar to FEHBP coverage for activated Guard-Reserve employees of Federal agencies.*
- *Extending corrective dental care following return from a call-up to ensure G-R members meet dental readiness standards.*
- *Allowing eligibility in Continued Health Care Benefits Program (CHCBP) for Selected Reservists who are voluntarily separating and subject to disenrollment from TRS.*
- *Allowing beneficiaries of the FEHBP who are Selected Reservists the option of participating in TRICARE Reserve Select.*

Additional TRICARE Prime Issues – The Coalition is very concerned about growing dissatisfaction among TRICARE Prime enrollees – which is actually higher among active duty families than among retired families. The dissatisfaction arises from increasing difficulties experienced by beneficiaries in getting appointments, referrals to specialists, and sustaining continuity of care from specific providers.

Increasingly, beneficiaries with a primary care manager in a military treatment facility find they are unable to get appointments because so many providers have deployed, have been gone PCS, or are otherwise understaffed or unavailable.

The Coalition supports implementation of a pilot study by TMA in each of the three TRICARE Regions to study the efficacy of revitalizing the resource sharing program used prior to the implementation of the TRICARE-Third Generation (T-3) contracts under the current Managed Care Support contract program.

The Coalition strongly advocates the transparency of healthcare information via the patient electronic record between both the MTF provider and network providers. Additionally, institutional and provider healthcare quality information should be available to all beneficiaries so that they can make better informed decisions.

We are concerned about the impact on beneficiaries of the elimination of some Prime service areas under the new contract. This will entail a substantive change in health care delivery for thousands of beneficiaries, may require many to find new providers, and will change the support system for beneficiaries who have difficulty accessing care.

To date, largely because of the delay in award of the new contracts, beneficiaries who live in the areas where Prime service will be terminated have not received any information on this and how it may affect them.

The Military Coalition urges the Subcommittee to:

- *Require reports from DoD and the managed care support contractors on actions being taken to improve Prime patient satisfaction, provide assured appointments within Prime access standards, reduce delays in preauthorization and referral appointments, and provide quality information to assist beneficiaries in making informed decisions.*

- *Require increased DoD efforts to ensure consistency between both the MTFs and purchased care sectors in meeting Prime access standards.*
- *Ensure timely notification of and support for beneficiaries affected by elimination of Prime service areas.*

Additional TRICARE Standard Issues – The Coalition appreciates the Subcommittee’s continuing interest in the specific problems unique to TRICARE Standard beneficiaries. TRICARE Standard beneficiaries need assistance in finding participating providers within a reasonable time and distance from their home. This is particularly important with the expansion of TRICARE Reserve Select and the upcoming change in the Prime Service Areas, which will place thousands more beneficiaries into TRICARE Standard.

The Coalition is grateful that the FY2012 Defense Authorization Act extended through 2015 the requirement for DoD to survey participation of providers in TRICARE Standard.

However, we are concerned that DoD has not yet established benchmarks for adequacy of provider participation, as required by section 711(a)(2) of the FY2008 NDAA. Participation by half of the providers in a locality may suffice if there is not a large Standard beneficiary population, but could severely constrain access in other areas with higher beneficiary density.

The Coalition hopes to see an objective participation standard (perhaps based on the number of beneficiaries per provider) that would help shed more light on which locations have participation shortfalls of Primary Care Managers and Specialists that require intervention.

Further, the Coalition believes the Department should be required to take action to increase provider participation in localities where participation falls short of the standard.

A source of continuing concern is the TRICARE Standard inpatient copay for retired members, which now stands at \$708 per day or 25% of billed charges. The Coalition believes this amount already is excessive, and should be capped at that rate for the foreseeable future.

The Coalition urges the Subcommittee to:

- *Bar any further increase in the TRICARE Standard inpatient copay for the foreseeable future.*
- *Insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation to meet the threshold.*
- *Require a specific report on provider participation adequacy in the localities where Prime Service Areas will be discontinued under the new TRICARE contracts.*
- *Increase locator support to TRICARE Standard beneficiaries seeking providers who will accept new Standard patients, particularly for mental health specialties.*

Veterans/Retiree Council Recommendation to the AFA Board of Directors

Under the Administration's FY2013 Proposed budget, DoD would shift about \$13 billion in health care costs from the Pentagon to military retirees over the next five years. The goal is to reduce defense costs, while bringing military beneficiary fees and cost-shares more in-line with comparable programs in the civilian sector.

The changes would phase-in significant fee hikes for nearly every segment of the military population. The proposed increases affect retirees of all ages, drilling Guard and Reserve members and currently serving family members as follows:

1. TRICARE Prime annual enrollment fees for retired families (currently \$520), would be "tiered," by incorporating a "means testing" scheme based on retired pay amount. Fees will rise as high as \$820 starting October 1, 2012, and to as much as \$2,048 within five years.
2. TRICARE Standard beneficiaries who currently pay no enrollment fee, but who pay a deductible and cost-share, would start paying an \$140 annual family enrollment fee. Also they would have an increased deductible starting Oct 1, with the enrollment fee and deductible rising to \$250 and \$580, respectively, within five years. These would be flat fees for all Standard beneficiaries.
3. Retirees and family members age 65 and older would start paying an annual TRICARE For Life (TFL) enrollment fee of up to \$135 per person starting Oct 1. This fee also would be "means tested" based on retired pay amount, and would rise to as much as \$475 per year, within 5 years.
4. Pharmacy co-pays for retail and mail-order brand-name medications would more than double (from \$12 to \$26) starting Oct 1. Co-pays for non-formulary medications, currently \$25, would also more than double, to \$51. Availability would be mostly restricted to the mail-order venue, with only limited retail access. The brand-name and non-formulary copays would rise to \$34 and \$66, respectively, within five years.

Under the proposal, certain medical retirees and survivors of members who died on active duty would be exempt from these increases.

Recommended Position for the AFA Board

Given the financial crisis in which the Nation finds itself, AFA remains open to discussing proportionate changes to healthcare benefits, as we did during discussions last year on increasing TRICARE Prime enrollment fees. However, we are strongly opposed to what appears to be an uncoordinated attempt to cut the cost of the Nation's defense on the backs of those who have already sacrificed so much. These proposals would increase health care fees by about \$1,000 to \$2,000 per year for retired military families, and dramatically raise retail pharmacy co-pays for all retirees and currently serving family members.

We are similarly opposed to attempts to draw a comparison between a career in military service and careers in the private sector as justification for comparability in healthcare beneficiary costs. Simply stated, there is no comparison between "conditions of service" endured by career military people and "conditions of employment" experienced in the private sector. Retired military members already paid for their healthcare benefits by serving a full career of arduous service, sacrifice, frequent family separations and often hazardous service conditions.

We also remain very concerned that DoD seems most inclined to simply pass any and all cost increases on to beneficiaries first, before looking internally for efficiencies. This propensity to simply pass on cost increases will be codified in law should this proposal be enacted. According to the proposal, after FY16, healthcare fee increases will be indexed to "medical inflation". Medical inflation has averaged 6.2% annually over the past 20 years, well above increases to retired pay over the same period. It is also significant to note that indexing future increases in healthcare fees to medical inflation is an abrogation of the deal that was struck last year when the military associations acquiesced to an increase in TRICARE Prime enrollment fees if limited to increases in retired pay.

Finally, we are strongly opposed to "tiering" or "means testing" military healthcare benefits. Doing so will make military healthcare benefits the only federal employee retirement benefit to be so structured. But most importantly, we object to the inference that these benefits are equivalent to welfare benefits to be doled out according to a bureaucratic determination of need. On the contrary, these benefits are earned by military people over the course of a full career of service and sacrifice. They should be no more "means tested" than military active duty or retired pay.

The Council recommends AFA leadership go to its members to urge them to contact their Senators and Congress members and register their strongest opposition to these healthcare cost increases, as they amount to nothing more than a disproportionate tax increase targeted at a segment of our population that has already given so much to this Nation.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version HR 11
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HR 11 Dept. Affected _____
 Title Military Retirees Health Care Benefits Appropriation _____
 Allocation _____
 Sponsor House State Affairs Committee
 Requester _____ OMB Component Number _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

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Estimated **SUPPLEMENTAL (FY12) operating costs** _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated **CAPITAL (FY13) costs** _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

None

Prepared by House State Affairs Committee
 Division Representative Bob Lynn, Chair
 Approved by _____

Phone (907) 465-2794
 Date/Time 3/16/2012 9:17am
 Date 3/16/2012



**Captain Cook
Chapter**

March 27, 2012

Representative Bob Lynn
Chairman, House State Affairs Committee
State of Alaska Legislature
State Capitol Room 108
Juneau, AK 99801

Dear Representative Lynn:

The Military Officers Association of America represents 370,000 members nationwide, advocating for active duty, service veterans, Guardsmen, Reservists and retired service members and their families in the areas of family issues, force levels, health care, retirement/survivor benefits and other veterans' issues. The Captain Cook Chapter is the local representative for MOAA and is a conduit for and by state members in support of veterans issues for Alaskan military, uniformed services and family members.

We are gratified to see our Alaska legislature in the vanguard of this effort to protect and honor a commitment made by the nation many years ago in a compact with the warriors who have borne, and continue to bear today, the heavy burden of service for their nation. Whether volunteer or draftee, the pact is valid and binding upon a nation of honor.

We are keenly appreciative of your efforts and fully support this initiative. MOAA's national legislative platform has consistently opposed military benefit changes that are inconsistent with service career sacrifices. HR 11 is fully consistent with MOAA's National Legislative Goals.

On behalf of all the uniformed services retirees in the State of Alaska, and on behalf of MOAA for those retirees nationwide, we thank you for your efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "Clyde T. Burton".

Clyde T. (Tom) Burton
President

A handwritten signature in black ink, appearing to read "Catkin Kilcher Burton".

Catkin Kilcher Burton
Vice-President

Captain Cook Chapter

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