



National Military and Veterans Alliance

5535 Hempstead Way, Springfield, VA 22151

Phone: (703) 750-1342 ext. 1008

Email: naus@naus.org

April 14th, 2016

The Honorable Lindsey Graham
United States Senate
290 Russell Senate Office Building
Washington, DC 20510

The Honorable Kirsten Gillibrand
United States Senate
478 Russell Senate Office Building
Washington, DC 20510

The Honorable Joe Heck
House of Representatives
132 Cannon House Office Building
Washington, DC 20515

The Honorable Susan Davis
House of Representatives
1214 Longworth House Office Building
Washington, DC 20515

Re: Pentagon Proposals for Reforming the Military Health Care System

Dear Chairmen Graham and Heck and Ranking Members Gillibrand and Davis:

The National Military and Veterans Alliance, a non-partisan policy and advocacy organization composed of military and veteran service organizations, writes regarding the recent Pentagon proposals for reforming the military health care system, particularly those proposals affecting retirees. As you consider these proposals, it is our hope that you will keep our views in mind.

The Pentagon has stated that their medical reform proposals provide more health care choices, improve access to care and save a billion dollars per year. However, based on the information currently available, these outcomes simply are not realistic.

To begin, if the cost of using TRICARE Standard (or "Choice") is increased at the levels proposed, it is probable that eligible retirees will choose to leave Standard/Choice and migrate to Prime/Select. Retirees will simply be "priced" out of TRICARE Standard/Choice. Those retirees who are not willing or able to sign "drive time" waivers for Prime/Select will have no choice but to pay the substantially increased costs to remain on Standard/Choice. Under these proposals retiree health care choices will be reduced, not increased.

The Pentagon has proposed that TRICARE Prime/Select will become Military Treatment Facility (MTF) centered in an effort to increase utilization. Unfortunately the MTFs are already overwhelmed and retirees wait for weeks to get appointments. Upon arrival for their appointment, they often experience long wait times. Access overload will be exacerbated when eligible retirees, who can no longer afford to use Standard/Choice, migrate to Prime/Select. Furthermore, metrics such as the lag time between when an appointment is made and when an appointment is completed, customer service, and performance standards have not been taken into consideration. Clearly, the goal of these proposals is to subsidize

MTF's without having any expectation of improving the volume, quality, and timeliness of their services. This is unacceptable.

Initially, access will be further diminished by implementing open enrollment periods retirees must use to sign up for health care. Because military retirees have never experienced enrollment windows for health care, it is likely that many will fall through the cracks despite our best efforts to disseminate this information. Under the Pentagon proposals, when retirees miss open enrollment periods, the beneficiary will be ineligible to enroll until the next enrollment period which could cause them to be uninsured for an entire year. This is not an outcome that any of us should be willing to accept.

As stated above, fees and costs for TRICARE Standard/Choice will rise substantially. The Pentagon is also proposing increased fees and costs for TRICARE Prime/Select and TRICARE for Life. The revenue that will be created is being called "savings" and the Pentagon claims that it will "save" one billion dollars per year. However, these savings will be at the expense of retirees who will pay new fees. To be clear, revenue made at the expense of retirees and service members by increasing their costs is not "savings". Rather, it is money that DoD will use to pad its bottom line at the expense of those utilizing the health care system.

It should be noted that CBO estimates the current TRICARE Prime program costs tax payers and DoD, on average, \$900.00 more per beneficiary annually than TRICARE Standard. Therefore, an unintended consequence of these proposals is that DoD could see its costs increase if eligible retirees migrate from Standard to Prime.

Among the most egregious of the Pentagon proposals is the implementation of a user fee for TRICARE for Life enrollees. TFL was enacted by Congress to manage the increasing out-of-pocket costs associated with Medicare and to honor the morale contract between our nation and the obligation to provide lifetime healthcare coverage for those that serve a full military career. As a result, TFL removes the burden for retirees to buy a Medicare supplement or pay Medicare's increasing out-of-pocket costs. The Pentagon proposal imposes fees on a plan that was created, in part, to alleviate the burden of increased fees on retirees over the age of sixty-five. Adding fees to TFL will produce unnecessary financial hardship for our most financially vulnerable military retirees.

Of equal concern is the impact that these proposals will have on the surviving spouses of retirees. We acknowledge that fee increases will not apply to medically retired service members or surviving spouses of those who have died while on active duty. This approach should be extended to the many surviving spouses of retirees who are already living on reduced incomes.

It has been suggested the goal of these proposals is to drive retirees out of TRICARE entirely because it will become too costly and/or too inconvenient. Clearly, this outcome would not improve choice or access to health care. Whether this is the intended outcome or not, it could become an unintended consequence of these proposals and cannot be allowed to occur.

We urge you to reject the Pentagon health care proposals. If implemented they will increase costs, reduce health care choices, and diminish health care access within the military health care system.

We thank you for considering our position on this important issue. Please feel free to contact us regarding this and any issue affecting military veterans, retirees, their families, and their survivors.

Sincerely,

Member Organizations, National Military and Veterans Alliance (NMVA)