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Hangar Flying Newsletter

Obama budget: Cap military raises, hike retiree health fees

Trying once more to get military compensation costs “under control,” the Obama administration has asked Congress to cap annual active duty and reserve component pay raises, and to phase in over four years a complex formula for raising TRICARE fees on retirees of all ages and their families.

The five-year budget plan proposes that annual pay raises be held at one percent from 2014 through 2016 and be raised to 1.5 percent in 2017 and to 2.5 percent in 2018

The first year’s pay cap alone, which would trim just eight-tenths of a percentage point off a scheduled 1.8 percent increase to match of private sector wage growth, would save \$540 million in 2014 and \$3.5 billion through 2018, officials said.

The administration seeks to cut health costs by having retirees and families pay more under all three options of Tricare.

Here are details of these proposals:

TRICARE PRIME: The current family enrollment fee of \$539 for working-age retirees (under age 65) would increase next year to equal 2.95 percent of the individual’s gross retired pay. But for 2014 the fee would be subject to an annual minimum of \$548 and a ceiling of \$750 (\$900 for flag officers). The fee would be raised to 3.3 percent of gross retired pay in 2015 with a floor of \$558 and ceiling of \$900 (\$1200 for flag officers); 3.65 percent in 2016 with a floor of \$569 and a ceiling of \$1050 (\$1500 for flag officers); and so on until reaching 4 percent of gross retired pay in 2018 with a floor of \$594 and a ceiling of \$1226 (\$1840 for flag officers).

Fees for single coverage would be half these amounts.

TRICARE STANDARD/EXTRA: For the first time, users of these options would face an annual enrollment fee, starting at \$70 for single coverage or \$140 for family, and rising each year until reaching \$125 (individual) and \$250 (family) in 2018. The current annual deductible of \$150 (individual) and \$300 (family) would gradually increase, starting in 2014 and until it reached \$290 (individual) and \$580 (family) in 2018.

ADJUSTMENTS: After 2018, all Tricare enrollment fees, floors and ceilings, and deductibles for retirees would climb yearly by the same percentage increase of cost-of-living adjustments (COLAs) for military retired pay to keep pace with inflation.

TRICARE FOR LIFE: Beneficiaries 65 and older can use Tricare for Life as a golden supplement to Medicare. Officials said a comparable individual policy in 2009 would cost \$2100 in the private sector. So, they reason, military elderly should at least pay a small enrollment fee.

The fee would equal one half of one percentage point of gross retired pay in 2014; one percent in 2015; 1.5 percent in 2016, and two percent in 2017 and in 2018. But the fees would have ceilings: no more than \$150 a year in 2014; no more than \$300 in 2015, \$450 in 2016, \$600 in 2017 and no more than \$618 in 2018. Flag officers would face higher ceilings though not substantial. After 2017, these fees would be adjusted by the percentage of retiree COLAs.

PHARMACY FEES: The administration wants to follow last year’s increases in pharmacy co-pays with additional increases phased in to encourage greater use of mail order and generic drugs.

CATASTROPHIC CAP: The current cap on total out-of-pocket costs Tricare costs of \$3000 a year would be raised for retirees in two ways: by excluding any Tricare enrollment fees from counting toward the cap; and by raising the cap annually by the percentage of retiree COLA.

Officials hope tying the size of fees to level of retired pay will soften resistance in Congress. Also, this year’s plan would exempt from any fee increases the survivors of members who die on active duty and persons medically retired from service. And the department no longer is asking that Tricare fees be adjusted annually based on medical inflation. *(Continued on the next page)*

That concession to use retiree COLAs instead might be less than it appears. The Obama budget proposes, as part of a larger debt-reduction deal, that all federal COLAs, including for social security, veteran benefits and retirement plans, switch to a “chain” Consumer Price Index to measure inflation. This CPI would save billions of dollars annually by shaving every COLA by a fraction of a percentage point.

Obama’s support for it is conditional; Republicans must agree to close some corporate tax loopholes and to raise taxes on the wealthy. Still, his support of the chain CPI has drawn fire from some Democrats and liberals in Congress.

In unveiling the 2014 defense budget request, Defense Secretary Hagel said the smaller pay raises and Tricare changes would save \$1.4 billion next year and \$12.8 billion over just five years. The Tricare changes, he said, would “bring the beneficiary’s cost-share closer to the levels envisioned when the program was first implemented.”

In 1996, officials said, retirees covered 27 percent of total Tricare costs with enrollment fees, deductibles or co-payments. Today, their out-of-pocket costs cover only 11 percent. The \$527 billion defense budget for 2014 assumes that a large debt-reduction deal is reached and sequestration ends. The defense share of the deal would be \$150 billion in cuts over the decade versus \$500 billion under sequestration. If slowing compensation growth isn’t a part of that \$150 billion cut, Defense officials said, deeper force cuts are inevitable. (*Source: Tom Philpott’s Military Update*)

Time to end Tricare’s bloated-but-untouchable status:

(A reprint of a Washington Post Editorial by Charles Lane)

The U.S. government’s fiscal predicament has many causes. But if you had to reduce them to one sentence, it might go like this: “Congress responds to the short-term demands of particular groups, not the long-term needs of the nation as a whole.”

Case in point: the seemingly unstoppable growth of medical benefits for former military personnel under Tricare, the Defense Department’s health program. This mushrooming expense is a major reason that Pentagon health care spending rose from \$19 billion in fiscal 2001 to \$52.8 billion in fiscal 2012.

The latter figure represented nearly 10 percent of that year’s defense budget.

President Barack Obama has tried repeatedly to rein in this category of spending, on the very sound theory that resources are finite and that dollars spent on retiree health care cannot be spent equipping and training the active-duty armed forces for war — the Pentagon’s primary mission.

Military health care’s traditional role was to serve active-duty troops and their families, at no out-of-pocket cost. Tricare still does that, except for small prescription co-payments. That makes sense as an incentive to sign up for service and its attendant sacrifices.

Since 2000, however, Congress has repeatedly expanded the access of former military personnel to Tricare. By 2010, the eligible population had increased from 6.8 million a decade earlier to 9.7 million — nearly 85 percent of whom were not active-duty service personnel, according to an excellent May 2012 Armed Forces Journal article by Brittany Gregerson, of the Institute for Defense Analyses.

Obama’s reforms have been rebuffed every time, by Democrats and by supposedly fiscally conservative, pro-defense Republicans.

The expansion of Tricare dates to the post-Cold War base closings in the 1990s. Some military hospitals were shut in the process, and retirees who had been allowed to use them on a space-available basis protested that Congress owed them a substitute.

Some even claimed that recruiters had offered them free health care for life when they enlisted and that Congress was welshing on this purported contract.

The courts correctly rejected this legally, and factually, spurious claim — but it fared better in the political sphere.

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In 1996, Congress allowed military retirees ages 37 to 64 and their family members to join Tricare for an annual contribution that averaged 27 percent of total health care costs for a family of three.

That contribution, however, did not increase with inflation. As a result, Tricare's real cost to working-age beneficiaries dropped 41 percent between 1997 and 2010, Gregerson found. Not surprisingly, working-age retirees and their families began leaving employer-paid plans and signing up for Tricare.

Congress did allow a modest increase in costs for working-age retirees to take effect last year and indexed that cost increase to inflation. But those costs are still far less than what an average civilian would pay for comparable employer-provided health insurance.

Once former military personnel turn 65, they are eligible for Medicare, like everyone else. But in 2002, Congress gave them "Tricare for Life" — essentially, a free Medigap plan. Roughly 2 million people take advantage of this perk, at a projected cost to taxpayers of \$9.7 billion in the current fiscal year, according to the Congressional Budget Office.

On a per capita basis, Tricare for Life is the most expensive Tricare program of the Defense Department, Gregerson writes. Beneficiaries' utilization rate far exceeds that of the other Tricare programs' participants — no surprise, since Tricare for Life beneficiaries have zero incentive to conserve.

Obama's 2013 budget plan would have saved \$12.8 billion over five years by gradually increasing the annual enrollment fees of Tricare's working-age retirees, with discounts for lower-income participants, and then indexing the fees to the rate of national growth in health spending.

The maximum fee would have quadrupled to \$2,000 — still far cheaper than most civilian plans. The president also proposed adding an enrollment charge to Tricare for Life.

Congress would have none of it — then or, apparently, now. Neither the recently adopted Senate budget plan for fiscal 2014, drafted by Democrats, nor the supposedly "austere" Ryan budget passed by the Republican House, touched Tricare. Hell hath no fury like a veterans' lobby scorned, as senators and representatives of both parties know.

So do I! In anticipation of a lot of hate mail, I would note that I respect and honor America's veterans. They should be well provided for, including reasonable health benefits. But no one — not even a veteran — is entitled to taxpayer support regardless of competing public needs.

In the case of Tricare, this is what the veterans' lobbies have demanded of Congress, and what Congress has given them. (*Source: Stars and Strips*)

Furlough Days Cut, Exceptions in Works: More than 700,000 Defense Department civilian personnel will now be subject to 14 furlough days from June through September rather than 22, and several categories of workers will be excepted from the payless days off, senior Defense officials said Thursday. "We're still going through the exceptions" and no decisions have yet been made on how many workers will be eligible for exemptions from the furloughs, said a senior official who spoke on grounds of anonymity. The speculation had been that teachers, mental health workers and intelligence personnel might rate exceptions, but the official stressed repeatedly that "we have not made any final decisions on who will be exempted. (*Source: Military.com Military Report*)

Retiree Hearing Aid Programs: The DoD sponsored Retiree-At-Cost Hearing Aid Program (RACHAP) and the Retiree Hearing Aid Purchase Program (RHAPP) are designed to help military retirees purchase hearing aids through an Audiology Clinic at a special government negotiated cost. The hearing aids available through this program are the same state-of-the-art technologies available to active duty service members. The program is open to all military retirees who have hearing loss or tinnitus (ringing in the ears). Dependents of military retirees are not eligible for this program. Retirees can buy hearing aids at a significant savings by using the program. For example, a set of hearing aids (one of the best available) that retails for about \$5000.00 costs a retiree as little as \$755.00 or about 15% of the retail costs. Services for the hearing evaluation, hearing aid fitting and follow up hearing aid checks are part of the retiree benefits and are available at no cost to you. (*Continued on the next page*)

Not every military medical facility is able to provide the RACHAP program. If you are traveling to a participating site from out of town, you need to compare your travel costs and purchase savings to the costs of purchasing hearing aids privately in your local community. Travel and overnight expenses are not covered. Generally, at least two visits are required for you to get hearing aids; one for your hearing evaluation and one for your hearing aid fitting.

NOTE: The list of participating facilities is available online at <http://militaryaudiology.org/site/rachaprhapplocations/>. The only participating facility in Washington State is, Bremerton but you must be within a 75 mile radius of the base the phone numbers are, DSN 439-9214, Commercial 360-475-4214 also, military retirees may be eligible for hearing aids from the Department of Veterans Affairs (VA) and receive hearing aids from the VA free of charge - in most cases there is no costs to the patient. The Audiology Department can provide you with more information about VA services or you may contact the VA directly at 1-877-222-8387 or 1-800-827-1000. Dependents of retirees are not eligible for hearing aid services from military treatment facilities (including RACHAP) or from TRICARE. The family member is eligible for hearing evaluations and the audiologist can provide them with more information about hearing aids or local providers. (*Source: Military Audiology Association (MAA)*)

TRICARE Reserve Select (TRS): TRICARE Reserve Select (TRS) is a premium-based health plan available worldwide for qualified Selected Reserve members of the Ready Reserve and their families.

Eligible Beneficiaries TRICARE Reserve Select is available to the Selected Reserve members of the Ready Reserve (and their families) who meet the following qualifications:

- Not on active duty orders
- Not covered under the Transitional Assistance Management Program
- Not eligible for or enrolled in the FEHB program (as defined in [Chapter 89 of Title 5 U.S.C.](#)) or currently covered under FEHB, either under their own eligibility or through a family member.

Note: Those members in the Individual Ready Reserve (IRR) including Navy Reserve Voluntary Training Units (VTU) do not qualify to purchase TRICARE Reserve Select.

- Availability
- Worldwide
- Coverage

TRICARE Reserve Select provides comprehensive health coverage including:

- Emergency Care
- Outpatient Visits
- Preventive Care (wellness exams, immunizations, etc.)
- Hospitalization
- Maternity Care
- Mental/Behavioral health
- Prescriptions

To view a list of Covered Services go to <http://www.tricare.mil/CoveredServices/SeeWhatsCovered.aspx>

Getting Care Schedule an appointment with any TRICARE-authorized provider, network or non-network. You will never need a referral for any type of care (routine, urgent or specialty) but you may need to have prior authorization from your regional contractor for some types of services.

If you visit a non-network provider, you'll pay more out of pocket (5%) and may have to file your own health care claims.

If you visit a network provider, you'll pay less out of pocket and the provider will file health care claims on your behalf.

Out-of-Pocket Costs You are required to pay the monthly premiums and cost shares if you decide to enroll in TRICARE Reserve Select. [>>Learn More](#) <http://www.tricare.mil/Costs/HealthPlanCosts/TRS.aspx>
Is TRICARE Reserve Select Right for You? (*Continued on the next page*)

TRICARE Reserve Select is a great option for you and your family if you are:
a member of the Selected Reserves of the Ready Reserve,
not on active duty orders or covered by the Transitional Assistance Management Program, and
not eligible for or enrolled in the FEHB.

The plan provides comprehensive health care coverage when you're not activated and covered by active duty TRICARE benefits. And, because you can see any provider, you don't have to change providers if you already have one.

Purchasing Coverage Purchasing TRICARE Reserve Select is a two-step process that you must complete online via the DMDC Reserve Component Purchased TRICARE Application.

<https://www.dmdc.osd.mil/appj/trs/>

To log into the DMDC Reserve Component Purchased TRICARE Application, you must have one of the following:

- Common Access Card (CAC)
- DFAS (MyPay) Account
- DoD Self-Service Logon (DS Logon) Premium (Level 2) account.

The DS Logon Premium (Level 2) account is given to a user who has registered using their CAC, DFAS myPay Login ID, or has a DS Logon Basic Account. [Sign up or view information regarding a DS Logon.](#)

<https://www.dmdc.osd.mil/identitymanagement/authenticate.do?execution=e2s1>

If you do not qualify, you will not be able to complete or print the form. Please contact your National Guard or Reserve personnel office for assistance. If you experience a technical problem, call 1-800-477-8227 for assistance.

Learn More about Purchasing TRICARE Reserve Select <http://www.tricare.mil/Welcome/Enrollment/TRS.aspx>

Need help with the DMDC Reserve Component Purchased TRICARE Application?

For technical assistance or to report system problems with the site, please call the DMDC Support Center at 1-800-477-8227.

Questions about eligibility? If you have questions regarding your eligibility, please contact your [National Guard or Reserve Point of Contact](#) <http://ra.defense.gov/contact/index.html>.

Women Veterans Healthcare Site Available:

The Department of Veterans Affairs now has a website devoted strictly to women veterans. On the Women Veterans Health Care website, visitors can find tools and resources for and about women veterans, this includes statistics, tips on wellness and healthy living, recent news, and links to publications, products, VA's Health Awareness and Cultural Change campaigns, and links to VA's Facebook and Twitter pages.

Also on the site is the recently developed Women Veterans Outreach Toolkit, which includes fact sheets on VA care and benefits, answers to frequently asked questions, brochures on VA services and health-care awareness materials. <http://www.womenshealth.va.gov> (Source: Veterans Administration)

Volunteers Needed!!! Volunteering is a rewarding experience. There are many programs and activities that could not exist within our military community were it not for the volunteers doing the work to make things happen.

Be a Volunteer at the RAO If you have been looking for a fun, creative and rewarding way to stay involved in the McChord Military Retiree community, then volunteering is the answer. At the McChord Retiree Activities Office, you can join our volunteer staff. Hands on training will be provided and you will work with a great team of volunteers who are military retirees and spouses providing their time, skills, talents and wisdom towards helping the military community. You can contact us at 253-982-3214

JBLM Retiree Appreciation Day and Health Fair: Don't forget that the JBLM Lewis McChord Retiree Appreciation Day and Health Fair will be held on May 17, 2013. The annual event will be held at McChord Field in hangar 9 as it has been for the last two years. The Health Fair will begin at 7AM and end at 1 PM, early blood draws begin at 6:30AM. Many local and national Military Associations and veterans' organizations will be represented. Madigan Army Medical Center will have many health clinics set up in the hangar and will perform many routine checks and exams. For further information, you may call the Army RSO at 253-966-5884 or the McChord RAO at 53-982 3214 (*Ed*)