

Reject Disproportional TRICARE Fee Hikes and Health Plan Changes

Issue: The FY 2016 DoD budget proposes a health plan which inappropriately raises TRICARE fees and reduces access.

Plan would consolidate the TRICARE Health Plans into one and calls for:

- Increasing costs for active duty families who have limited or no access to MTFs and creating a first ever, means-tested network copays based on sponsor's rank
- Re-labeling TRICARE Prime enrollment fee to "participation" fee for working age retirees with no guaranteed access to care and with no evidence of a planned or managed network of available providers
- Forcing working age retirees for the first time ever to pay to be seen at MTFs
- Dramatically increasing pharmacy copays to surpass the median of civilian plans
- Imposing a means-tested, enrollment fee for new TRICARE for Life beneficiaries – which no other federal retirees has

Background: DoD has proposed a similar plan last year. Congress rejected much of the plan on the basis that Pentagon leaders need to better manage costs instead of shifting costs onto beneficiaries. The current proposal goes well beyond just fee increases and shifting costs; it is an attempt to re-structure and reduce the value of the benefit with no evidence of systemic improvement in the existing system.

"Cost Growth since 2000" claims are exceptionally misleading; costs are actually on a downward trend

- 2000 is inappropriate baseline; that era reflected both spending and retention low points
- Health care cost growth spiked in 2002-03 after TRICARE for Life (TFL) enactment
- Congress enacted legislation in FY 2012, FY 2013, and FY 2015 that have "slowed the growth"
- At 10% of DoD budget, health care is a bargain when compared to the fact that health care comprises 23% of the federal budget

The "consolidation" will result in paying more and receiving less value and access. The streamlining of health care plan options in the new proposal reduces choices for beneficiaries by eliminating Prime – just as it also completely takes away any guarantee access to care for retiree's under age 65. This is at odds with the recommendations in DoD's own internal review which states that access needs to be improved. Combine this with a new, drastic fee increased payment structure, personnel **pay more and get less.**

Proposed increases are out of line with the changes already authorized by Congress. The FY 2012, FY 2013, and FY 2015 Defense Authorization Acts increased fees by 16% including large pharmacy copays, indexed future Prime and pharmacy fee increases to military retired pay growth, instituted the mandatory Home Delivery program, and launched the Defense Health Agency (DHA), all of which will even further "slow the growth" of health care costs.

TFL Enrollment fee is out of line with original law. The 2001 law specified that no enrollment fee beyond Medicare Part B costs should be required for beneficiaries over 65, recognizing their lengthy service as their premium – this was not intended to be an "insurance product."

Proposed health fee schedules discriminate against both military retirees and active duty family members. No other federal employee or retiree pays income or rank-based fees for service-earned health coverage, and it's rare in the private sector – this proposal recommends means-testing for both retirees over 65 and currently serving family members.

Comparison with civilian/corporate cash fees is inappropriate. Military retirement and medical benefits are the primary offsets for enduring decades of extraordinarily arduous service conditions. Military retirees pre-pay huge "up front" health premiums through 20-30 years of service and sacrifice – Tricare and TFL are **earned benefits.**

DoD leaders should be held accountable to fix program inefficiencies. Studies show consolidation of budget oversight would save billions vs. having three separate service programs and multiple contractors vie for budget share and to institute innovative provider payment mechanisms, as is starting to be done by Medicare, which reimburse for value instead of volume in the current TRICARE fee-for-service model.

Recommendation: Reject disproportional TRICARE fee hikes and plan changes.