



Oppose Disproportional TRICARE Fee Hikes

Issue: Military TRICARE fees should be set and maintained at levels that fairly acknowledge career service members and their families already have pre-paid substantial in-kind premiums for their post-service care through decades of arduous service and sacrifice.

Background: For the past 10 years, Administrations of both parties have sought to transfer more health costs to military beneficiaries through substantial TRICARE fee increases. Their rationale has been based on assertions of “exploding health costs.” However, *DoD’s own figures show costs are flat or declining.*

	FY10	FY11	FY12	FY13	FY14	FY15	FY16
DoD TFL Cost	\$10.8B	\$11.0B	\$10.9B	\$8.5B	\$7.4B	\$7.2B	\$6.6B
Purchased Care							
Cost	\$14.3B	\$14.8B	\$15.4B	\$14.6B	\$14.7B	\$15.7B	\$14.8B
DoD Unified							
Medical Prog.	\$49.9B	\$51.6B	\$52.9B	\$48.4B	\$49.3B	\$48.5B	\$48B

For this and other reasons, Congress has generally declined to grant large fee increases in any given year, but has enacted a combination of changes over the last five years that resulted in:

- A 23% increase in retired members’ TRICARE Prime enrollment fees
- Doubling or tripling most pharmacy copays
- Annually increasing TRICARE Prime enrollment fees by the same percentage as military retired pay
- A 50%-75% increase in premiums for young adult coverage

The Senate-passed version of the FY17 Defense Authorization Bill (S. 2943) would adopt an array of additional increases for retired military families (enrollment fees, deductibles, pharmacy copays and others) that would roughly double many retired families’ out-of-pocket expenses within a few years.

The House-passed bill (H.R. 4909) would mostly grandfather currently serving and retired personnel under current law, but would impose increases similar to the Senate’s on future service entrants.

The attached charts illustrate how the proposed changes would affect typical annual health costs for various categories of military families, assuming normal health and no major incidences of care.

Both chambers’ bills include multiple provisions aimed at addressing documented problems with health care access, continuity, referrals, quality and efficiency.

MOAA Position:

- Support both bills’ new initiatives to improve access, continuity, referrals, quality and efficiency
- Congress should defer imposing further fee hikes until *after* these long-standing problems are fixed
- Proposed fee increases are disproportionately high in both the Senate bill and the House proposal for future entrants
- No enrollment fees should be charged for active duty members or their families
- The House provision on grandfathering fees is preferable to Senate-proposed increases
- SecDef should have authority to reduce fees for preferred services/drugs, but Congress should reserve to itself all authority to raise fees
- Annual fee adjustments should be based on retiree COLA, so fees don’t grow faster than income

Recommendation: Congress should reject any further TRICARE fee increases until *after* well-documented health care access, quality, continuity and other problems have been fixed.

Annual Impact of Defense Bill TRICARE Proposals on Typical Families*

	Current Fee Structure	2018		
		House Bill: Current Beneficiaries	House Bill: New Entrants After Jan. 2018	Senate Bill
Active Duty Family Standard	\$658	\$665	\$1,010	\$970
Under 65 Prime	\$901	\$908	\$1,095	\$1,230
Under 65 Standard	\$723	\$730**	\$1,355	\$1,325
TFL	\$2,896	No Change	No Change	No Change

*Assumes typical family size and numbers of prescriptions/doctor visits for healthy families with relatively low utilization, E-5 and above. Assumes fee adjustments based on an average annual COLA of 1.5%

**\$200 family enrollment fee starts in 2020

Defense Bill Fee Proposals Balloon Within Five Years

	Under Current Fee Structure	2023		
		House Bill: Current Beneficiaries	House Bill: New Entrants After Jan. 2018	Senate Bill
Active Duty Family Standard	\$683	\$683	\$1,088	\$1,166
Under 65 Prime	\$970	\$970	\$1,179	\$1,640
Under 65 Standard	\$748	\$957	\$1,460	\$2,179*

*After 2023 annual enrollment fees will be adjusted by 5%, based off of a national health care index