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Military Beneficiaries Forced to Pay for Readiness Costs

Issue: Military beneficiaries recently experienced unexpected increases in TRICARE fees. These increases resulted from DoD's unilateral decision to change its fee schedules from a percent-of-cost model to flat-rate fees. These structural fee changes disregard the intention of the 2017 NDAA, which prescribed current military members, veterans, and families of both were to be grandfathered from health care cost-share increases. In addition to the noted changes below, the chart on the reverse shows how the new fees raise costs for families.

- Retiree TRICARE Prime copayments: Copayments range from 67% to 173% higher than 2017 Prime retiree copayments in select categories.
- Active duty family and retiree TRICARE Select copayments: DoD used a provision in the policy to restructure the former TRICARE Standard/Extra cost shares, into what it described as an improved flat-rate copayment structure, touted as being more predictable for beneficiaries. The result is increased out-of-pocket costs, which are inconsistent with private-sector PPOs and have been detrimental to many military families and retirees who rely on TRICARE Select for coverage.
- Mental health visits considered specialty care: This change generates significantly higher out-of-pocket costs than under the previous TRICARE Extra — higher than many civilian plans. These TRICARE Select costs create barriers to mental health care access.
- TRICARE pharmacy copayments: The copayments have doubled and tripled. For some, a \$7 increase from \$0 for a generic prescription can be tolerated; however, for those on a fixed income and receiving several generics and other specialty medications, it is costly — and costs will increase at rates beyond the COLA in the future.
- The effects of cost-share increases: Many beneficiaries have become overburdened quickly under these new copayments. While an occasional copayment of \$30 or \$40 for a specialty visit is not a financial strain for many, an active duty family with one or more special needs children or adults with multiple medical issues requiring many more appointments per week will see an overwhelming increase in costs. Hitting catastrophic caps will become more of a norm than an exception.

MOAA Position: DoD's lack of transparency when it changed the TRICARE fee structure, resulting in large fee hikes, breaks faith with currently serving families and those who have served full careers. The quality and value of the military health care benefit should reflect the extraordinary sacrifices of military service as the prepaid premium for their earned benefits. Health care for military beneficiaries should be a top-tier benefit. We are aware of the need to manage costs of health care and believe proportioned increases indexed to COLA are appropriate. Conversely, we do not support arbitrary increases of a disproportionate nature to generate funds for other purposes, and 67% to 173% increases are nothing but disproportionate.



Congress, we need your help

- Direct DoD to review immediately the impact these higher fees are having on beneficiaries.
- Require DoD to report the gross revenue these new fees have generated, and to specifically identify the accounts where this new revenue has been directed.

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TRICARE SELECT

New DoD fees will cost most beneficiaries more.

Bottom Line: Even with conservative estimates of health care services, beneficiaries' out-of-pocket costs jump by 25%.

ACTIVE DUTY FAMILY	COST SHARES APPLIED TO TYPICAL OUTPATIENT UTILIZATION*	
	2017 GRANDFATHERED**	NEW DOD 2018
Annual deductible	\$300	\$300
Primary care outpatient visits (15% cost share)	\$73 3 Visits	\$63 3 Visits
Specialty care outpatient visits (15% cost share)	\$155 2 Initial visits, 6 follow-up visits	\$248 2 Initial visits, 6-follow up visits
Emergency room visits (15% cost share)	\$124 3 Visits	\$243 3 Visits
Urgent care visits (15% cost share)	\$28 2 Visits	\$54 2 Visits
Total:	\$680	\$908 (\$228 over current plan)

RETIREE FAMILY	COST SHARES APPLIED TO TYPICAL OUTPATIENT UTILIZATION*	
	2017 GRANDFATHERED**	NEW DOD 2018
Annual deductible	\$300	\$300
Primary care outpatient visits (25% cost share)	\$91 3 Visits	\$84 3 Visits
Specialty care outpatient visits (25% cost share)	\$257 2 Initial visits, 6 follow-up visits	\$328 2 Initial visits, 6 follow-up visits
Emergency room visits (25% cost share)	\$206 3 Visits	\$327 3 Visits
Urgent care visits (25% cost share)	\$38 2 Visits	\$56 2 Visits
Total:	\$892	\$1,095 (\$203 over current plan)

*FAMILY OF 4, DOES NOT INCLUDE PHARMACY UTILIZATION (IN NETWORK) ** ACTUAL EOB DATA

SOURCE: DOD

GRAPHIC BY JOHN HARMAN/MOAA