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## The Truth About What Military Beneficiaries Pay for Their Health Care

**Issue:** Military members and retirees pay more for their health care than most people think. The narrative that these beneficiaries pay little-to-nothing for health care supports the notion of raising TRICARE fees and copayments to fund readiness and other programs not directly related to health care.

**Background:** Over the past two decades of the TRICARE program, it was often argued TRICARE fees did not keep up with inflation and adversely impacted DoD; this was true as premiums remained unchanged until 2012. That same year, Congress addressed the stagnant fees by legislating annual premium increases to be tied to the annual cost-of-living adjustment (COLA).

DoD and others often have contrasted TRICARE premiums and cost shares with the higher cost shares paid by civilians for their health care. For example, in 1999, for health care coverage, military retirees paid 31 percent less than their civilian counterpart — comparing premiums for TRICARE Prime against premiums for HMO programs. By 2014, this differential was reduced to only 10 percent.

**The Current TRICARE Fee Structure:** In addition to COLA-adjusted fee increases, the TRICARE fee structure was radically changed in 2018, impacting all beneficiary categories except TRICARE For Life. These changes included immediate and projected increases to pharmacy costs. (See Figure 1.) Retirees under age 65 were impacted the most. The increases were the result of the Defense Health Agency's unilateral policy decision to restructure fee tables, which disregarded the intention of grandfathering codified in the FY 2017 NDAA. The law intended to grandfather current military members, retirees, and their families from additional health care cost-share increases. MOAA's own survey indicates beneficiaries are very dissatisfied with the costs of their care and their medications. (See Figure 2.)

**The Accumulated Impact:** According to the Kaiser Family Foundation Employer survey, the typical civilian employee paid about 29 percent of the company's total premium cost for family coverage in 2018; the employer paid the rest. Premiums for employer-sponsored health plans (i.e., other health insurance, or OHI) vary mostly by the type of coverage, individual or family. OHI premiums and out-of-pocket expenses for the average civilian family and the amount of cost shares (including pharmacy costs) for military retirees under age 65 are now becoming much more closely aligned to civilian costs than they were 5 to 8 years ago — thereby eroding the "premium value associated with service and sacrifice." (See Figure 3.)

**MOAA's Position:** Military beneficiaries, by the nature of their service, past or present, already pay immeasurable premiums for their health care as compared to civilians who have never served. Reducing support for currently serving military and their families, and adjusting retirement benefits after the fact jeopardizes long-term retention and readiness. The government should be doing more to stabilize and improve the TRICARE program rather than disproportionately shift readiness costs onto beneficiaries.

**For more:** Read MOAA's TRICARE white paper at [www.moaa.org/tricareinfo2019](http://www.moaa.org/tricareinfo2019).



### Congress, we need your help

- MOAA seeks Congressional oversight to ensure any fee increases should not be tied to medical readiness or other defense programs.

### MOAA Contact

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Figure 1

### PRESCRIPTION COSTS ON THE RISE

Mail-order generic prescriptions have already leapt from \$0 to \$7 since last year and are expected to double to \$14 over the next 10 years. Over this same period, mail-order formularies will increase 120%, and non-formularies will increase by 73%.

Mail Order (90 day supply)

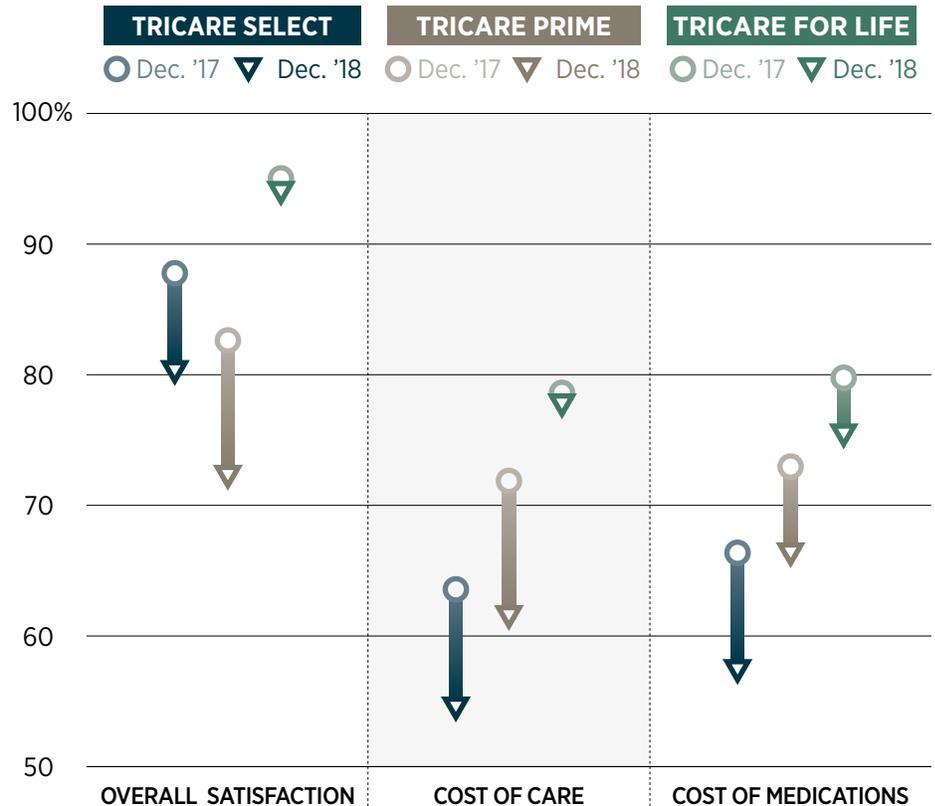


SOURCE: 2018 NATIONAL DEFENSE AUTHORIZATION ACT

Figure 2

### TRENDS NOTED IN HEALTH CARE SURVEY INDICATE BENEFICIARIES ARE DISSATISFIED

Survey findings indicate TRICARE beneficiaries are increasingly dissatisfied with certain aspects of the TRICARE program. Beneficiaries using TRICARE Select and TRICARE Prime are most dissatisfied with the cost of care, the cost of their medications, and their overall satisfaction with the program trending down. Those beneficiaries using TRICARE For Life are highly satisfied with the program.



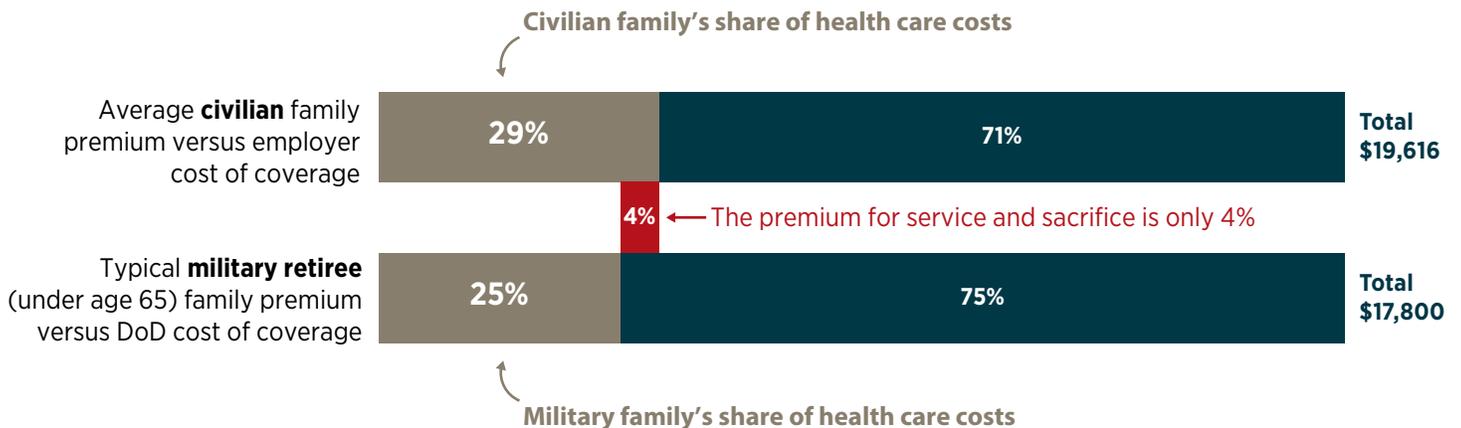
SOURCE: MOAA TRICARE BENEFICIARY SURVEY

Figure 3

### MILITARY RETIREES' HEALTH CARE COSTS ALIGN CLOSELY TO CIVILIANS'

A typical military retiree will pay almost as high a percentage of their health care costs as a civilian will.

Employer/DoD share  
Family share



SOURCE: KAISER EMPLOYER SURVEY, OCTOBER 2018

GRAPHICS BY JOHN HARMAN/MOAA