



Oppose Disproportional TRICARE Fee Hikes

Issue: The FY17 DoD budget proposes a health plan that disproportionately raises retiree TRICARE fees without specific requirements for improved delivery of timely, quality care. DoD’s plan would rebrand current TRICARE Health Plans into two renamed options and feature:

- Reduced out-of-pocket expenses for active-duty families for in-network care
- New annual enrollment fee (\$450/\$900 single/family) for TRICARE Standard
- 24% increase in TRICARE Prime enrollment fee
- New means-tested enrollment fee (i.e. percentage of retired pay) for Medicare-eligibles
- Failure to enroll (not currently required except for Prime) means denied coverage for the year
- Provider network would cover 85% of beneficiaries
- Deductible would be doubled for out-of-network care
- Flat-fee in-network provider cost-shares (vs. percentage of provider payment)
- 33% increase in annual cap on out-of-pocket expenses
- Doubling or tripling pharmacy copays over 10 years
- Increasing all fees/copays annually by a health cost index projected to grow 5.2% per year

Chart 1 on reverse side shows how the proposals would raise costs 50%-100% for many families.

Chart 2 on reverse side shows how immediate fee hikes and 5.2% annual increases would rapidly escalate beneficiary costs in the future.

Background: DoD has proposed similar plans over the last several years, based on assertions of “exploding” health costs. Congress rejected most of these proposals on the basis that Pentagon leaders need to better manage costs instead of merely shifting costs onto beneficiaries. Armed Services Committee leaders have indicated intent to pursue TRICARE reform (including increased fees) for FY17. The FY17 DoD proposal raises military beneficiary costs without specific plans to fix current problems many experience with access, referrals, and continuity of care.

DoD Health Costs Are Not “Exploding”

As shown by this chart, overall costs have been flat or declining for five years.

	FY10	FY11	FY12	FY13	FY14	FY15	FY16
DoD TFL Cost	\$10.8B	\$11.0B	\$10.9B	\$8.5B	\$7.4B	\$7.0B	\$6.6B
Purchased Care Cost	\$14.3B	\$14.8B	\$15.4B	\$14.7B	\$14.8B	\$14.8B	\$14.3B
DoD Unified Medical Prog.	\$49.9B	\$51.6B	\$52.9B	\$48.4B	\$49.3B	\$48.5B	\$47.8B

MOAA Position: MOAA supports DoD-proposed changes for active duty families, but

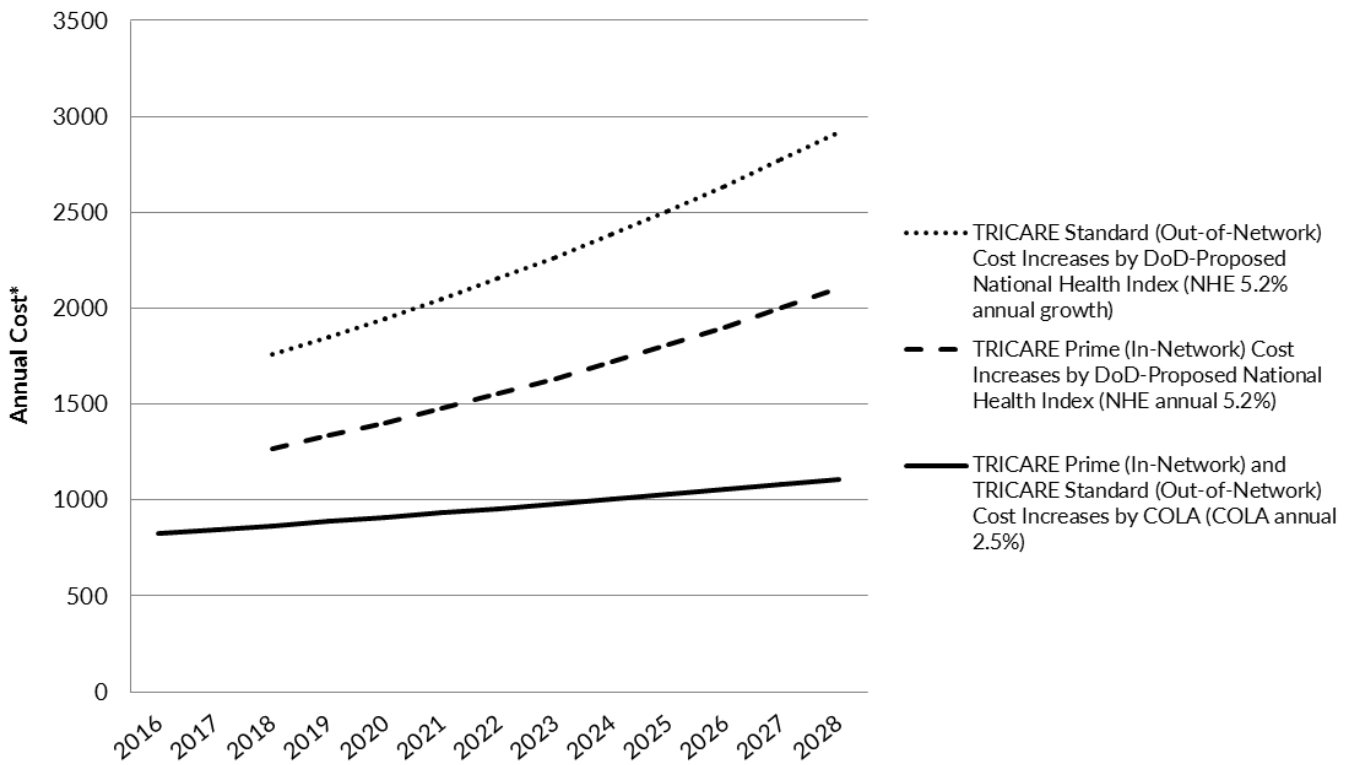
- Access, referral, continuity of care and other problems should be fixed before hiking fees
- Proposed retiree fee increases are disproportionately high
- Enrollment fees (for TFL and Standard) are inappropriate without guaranteed access
- Means-testing health care fees is inappropriate; no other federal or civilian employer does so
- Annual adjustments should be based on retiree COLA, not 5.2% per year health cost index

Annual Impact of DoD-Proposed TRICARE Fee Hikes on Typical Families*

	2016	2018	
		In-Network	Out-of-Network
Active Duty	\$488	\$260	\$455
Under 65 Prime	\$825	\$1,270	\$1,560
Under 65 Standard	\$826	\$1,515	\$1,760
TFL	\$2,896	\$3,390	

*Assuming typical family size and numbers of prescriptions/doctor visits

Proposed Index Would Escalate Beneficiary Costs



*Annual cost estimate for a retired family of four assumes: annual enrollment fee; annual deductible; 6 primary care visits, 3 specialty care visits, and 1 outpatient surgery; and 2 brand name and 2 generic prescriptions per month (initial fill retail; refills by mail-order).