

Military Officers Association of America

Legislative Update

on

Military and Veterans Benefits



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Military Officers Association of America

**To All of You Who...
are wearing the uniform...
have worn the uniform...
supported your Service member...**

THANK YOU!



The Military Coalition (TMC)

34 Associations -- 5.5 million voices

AAAA	CWOA	MOAA*	TREA
AFA	EANGUS	MOPH	USCGCPOA
AFSA	FRA *	NCOA	USAWOA
AMSUS	GSW	NERA	VFW
AMVETS	IAVA	NGAUS	VVA
AUSA	JWV	NMFA	VetsFirst
AUSN	MCA	ROA	WWP
BVA	MCL	SWAN	
COA	MCRA	TAPS	



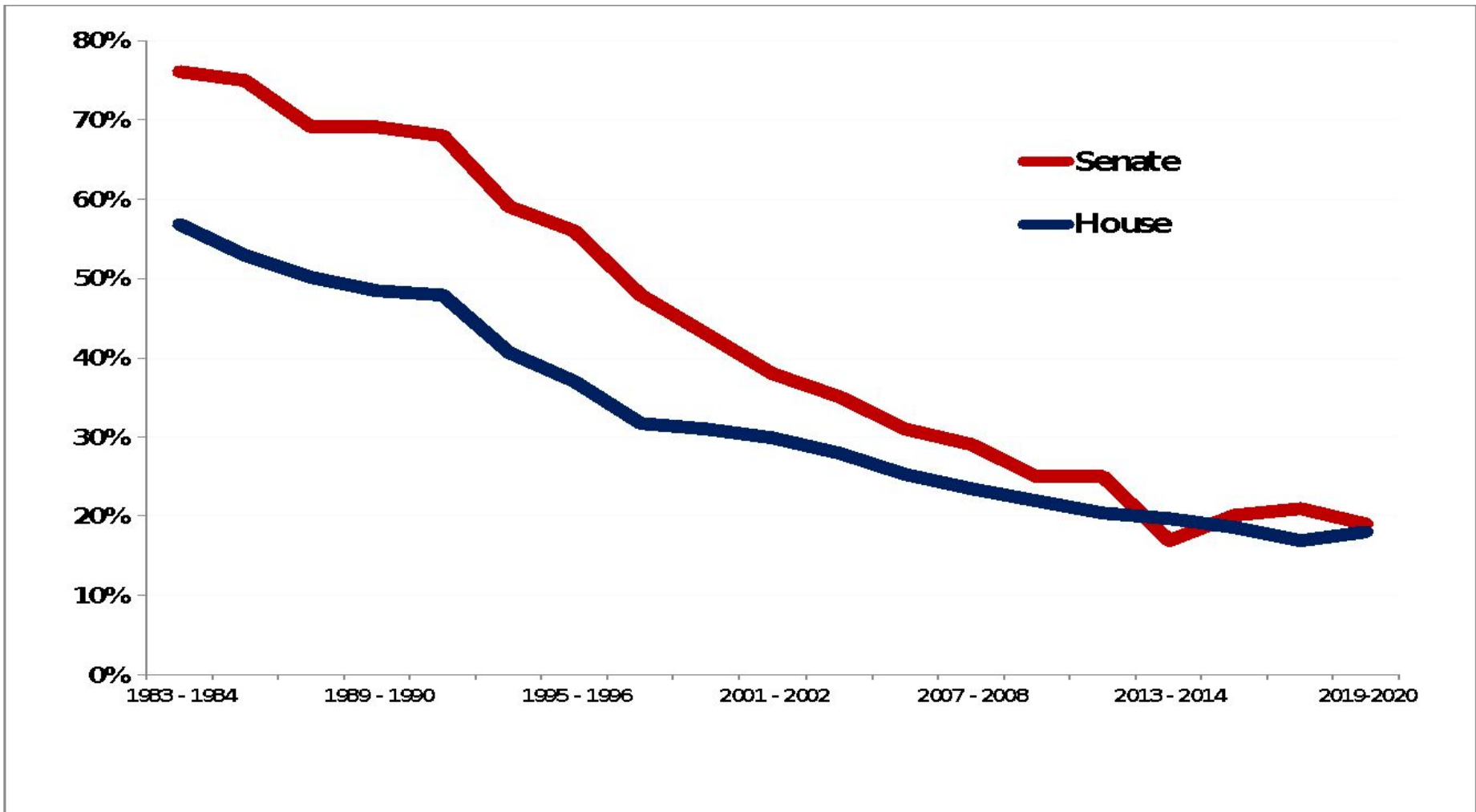
*Co-Chairs



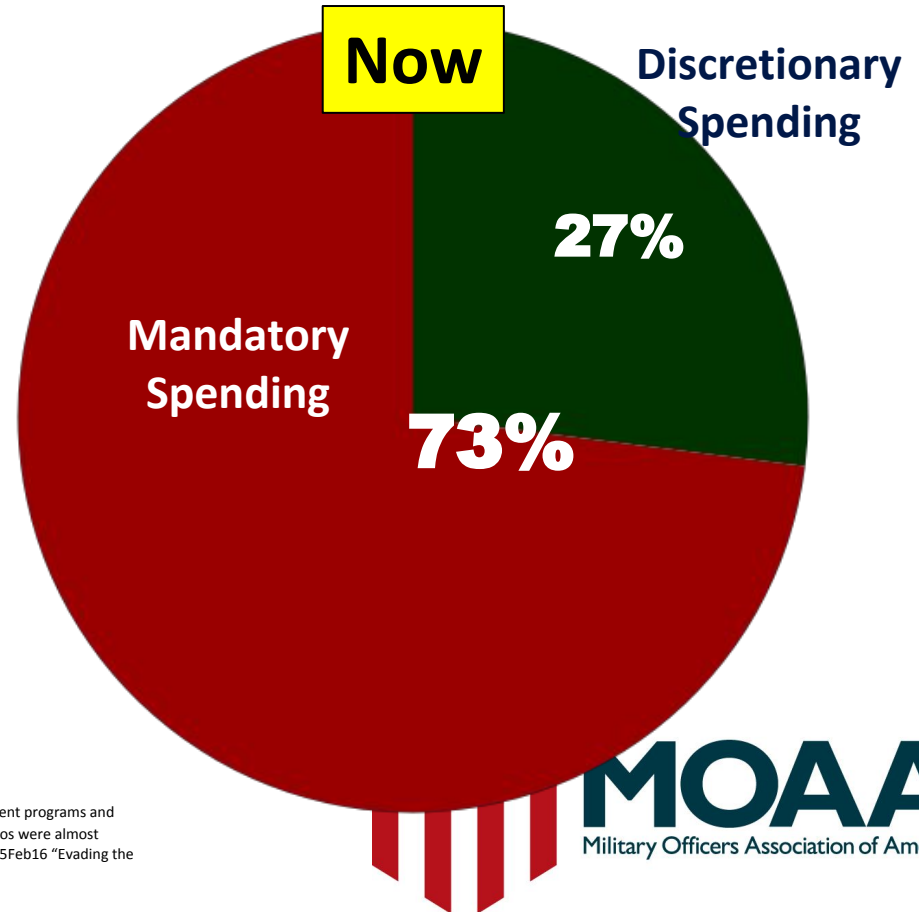
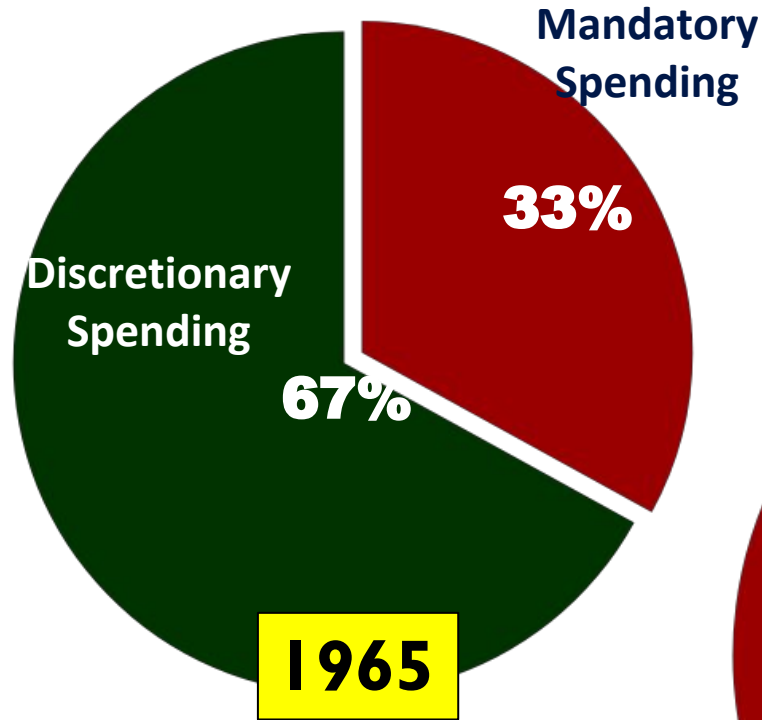
The Legislative Backstory and the Big Picture



Military Experience in Congress

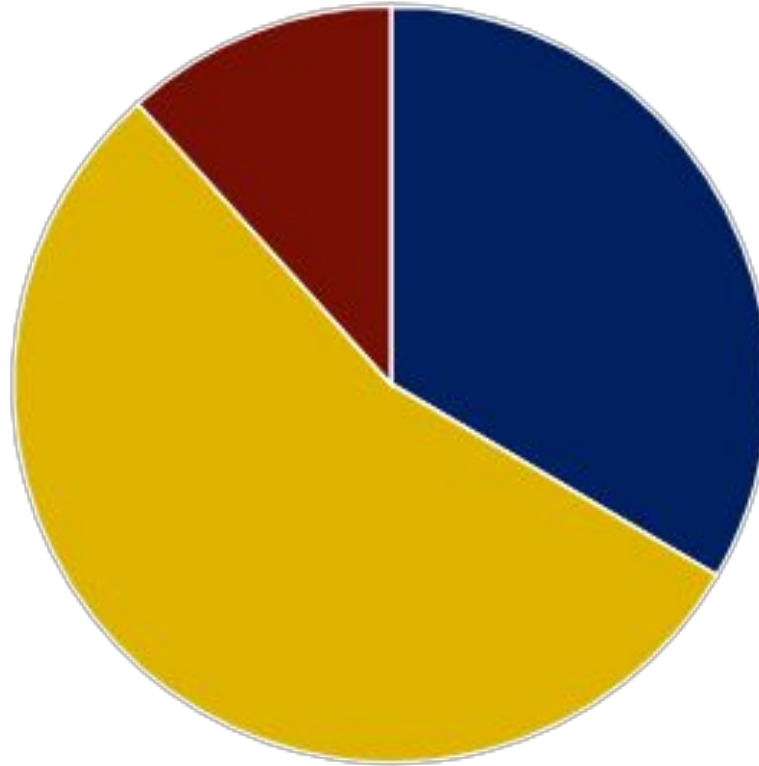


Where the Fed Money Goes



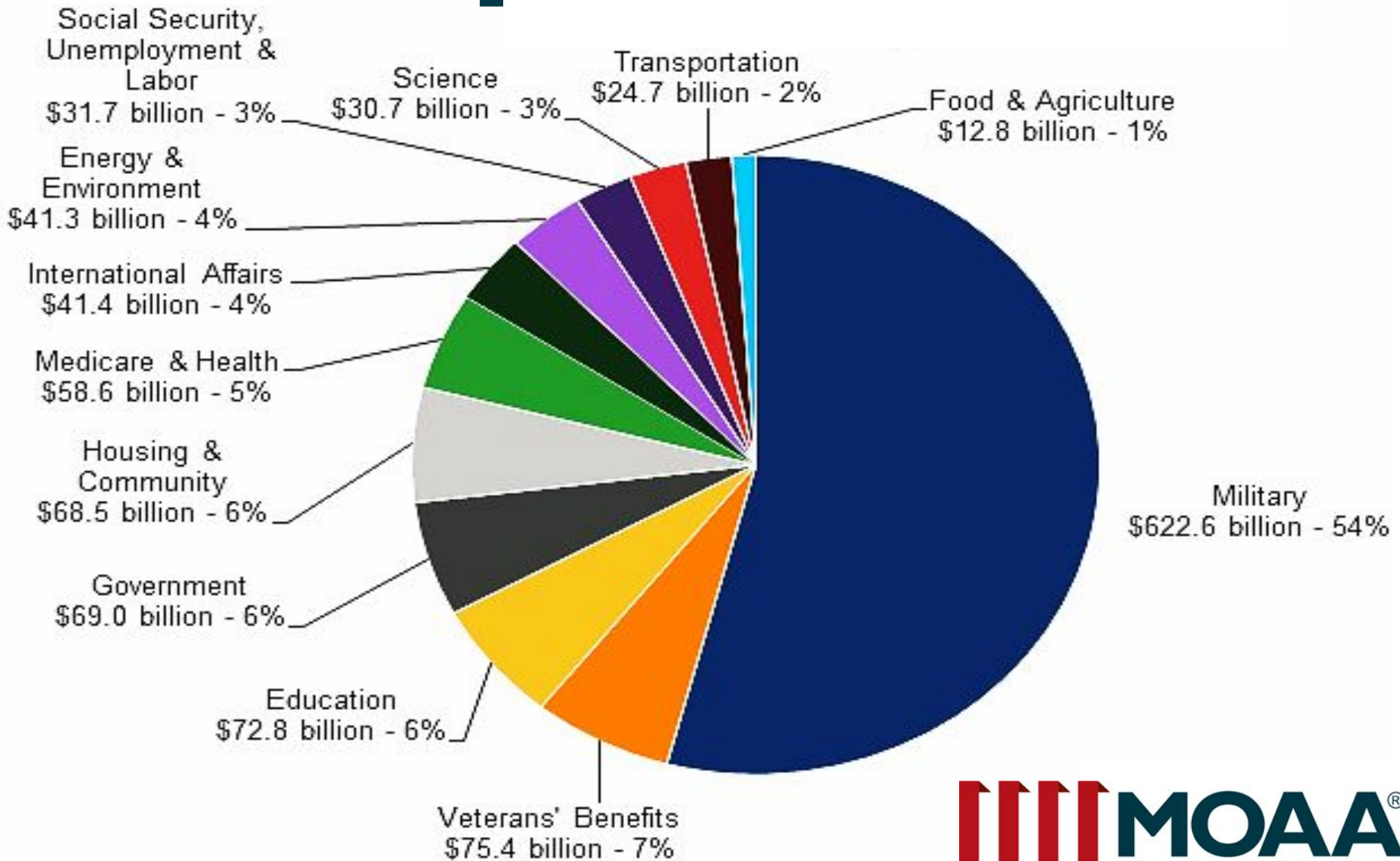
"Discretionary spending now makes up only about a third of the federal budget, with the remaining two-thirds coming from entitlement programs and other "mandatory" spending, according to figures from the **House Budget Committee**. And it wasn't always so. In 1965, those ratios were almost precisely reversed, with entitlement money making up just a third of the budget, committee figures show." Congressional Quarterly 5Feb16 "Evading the Elephant" Numbers from OMB, @Federal-Budget.insidegov.com

Mandatory Spending



- Medicare
- Social Security and Other Social Programs
- Interest on Debt

Discretionary Spending Breakdown



Media Marketing Matters

As told by DoD...

- Officials say they:
 - Must “slow the growth”
 - “Overshot the mark”
 - “Health care costs are eating the Defense Department alive” said former Defense Secretary Robert Gates in 2011.
- However they use FY2000 as the benchmark for increases
- Real baseline should be 1990s

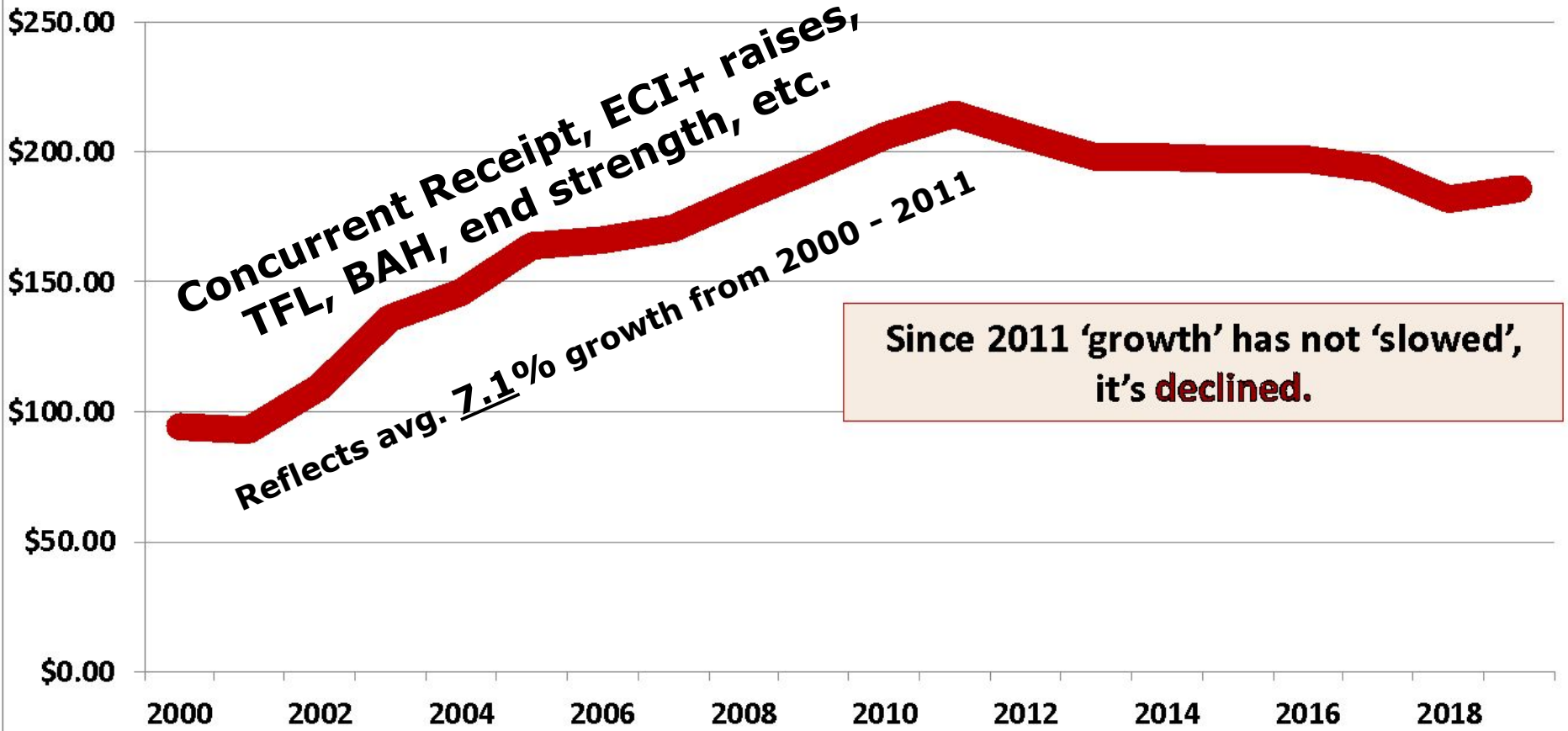
Fact

- MOAA helped **fix** serious problems from budget cuts in the 1990s
 - **13.5%** private sector pay gap
 - **25%** lifetime reduction in retirement value
 - 20% **out-of-pocket** housing costs
 - **Health care** for retirees age 65+
 - Ability for DoD to **recruit and retain**



Personnel-Health Care Growth Rate

Defense Personnel and Health Programs

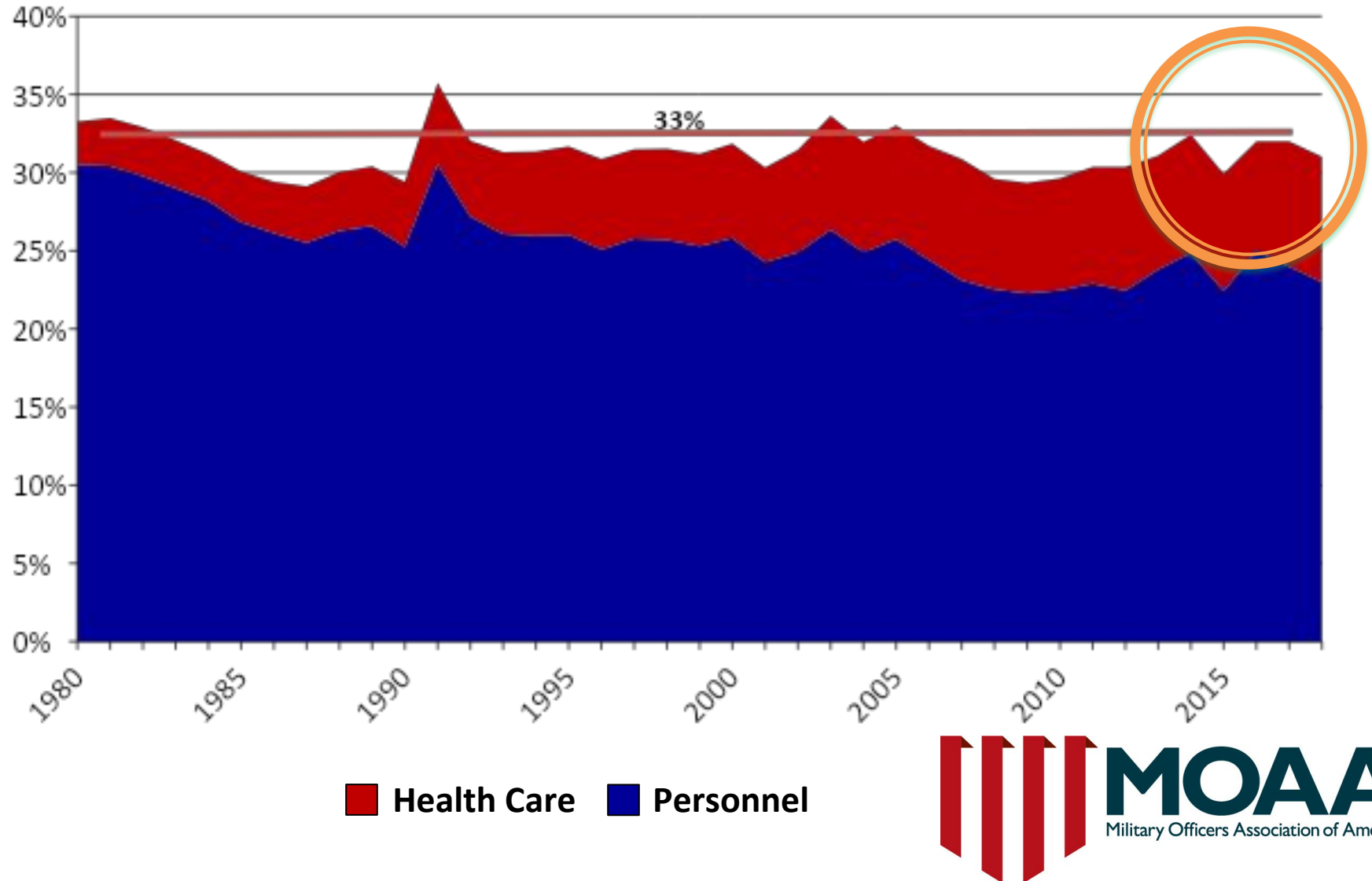


Outlays in \$ Billions
Source: DOD Appropriation bills

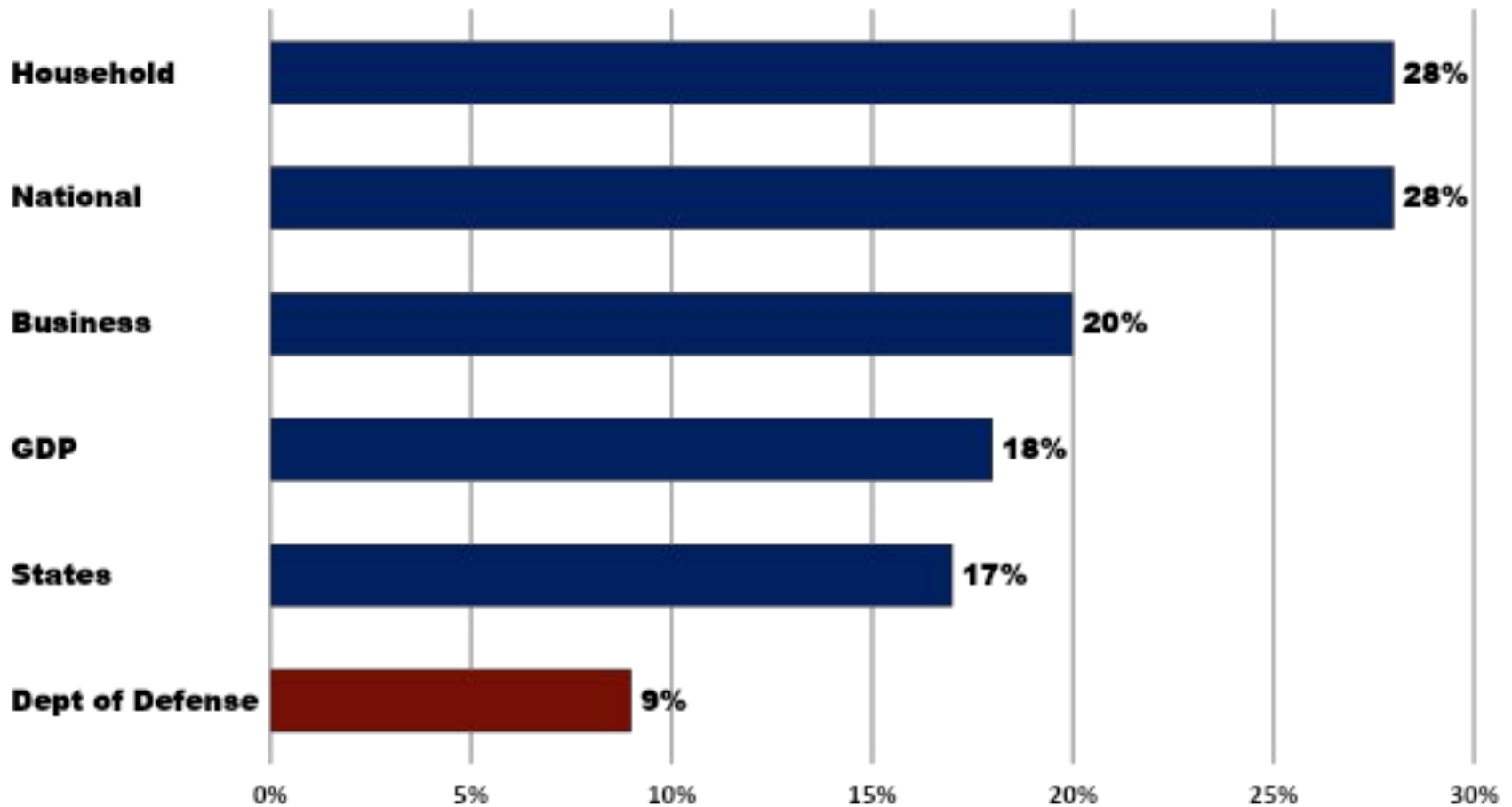


Military Personnel Costs Aren't Exploding

About one-third of the defense budget goes to military personnel and health care costs – the same share it has been for more than 38 years. That's no more unaffordable now than in the past.



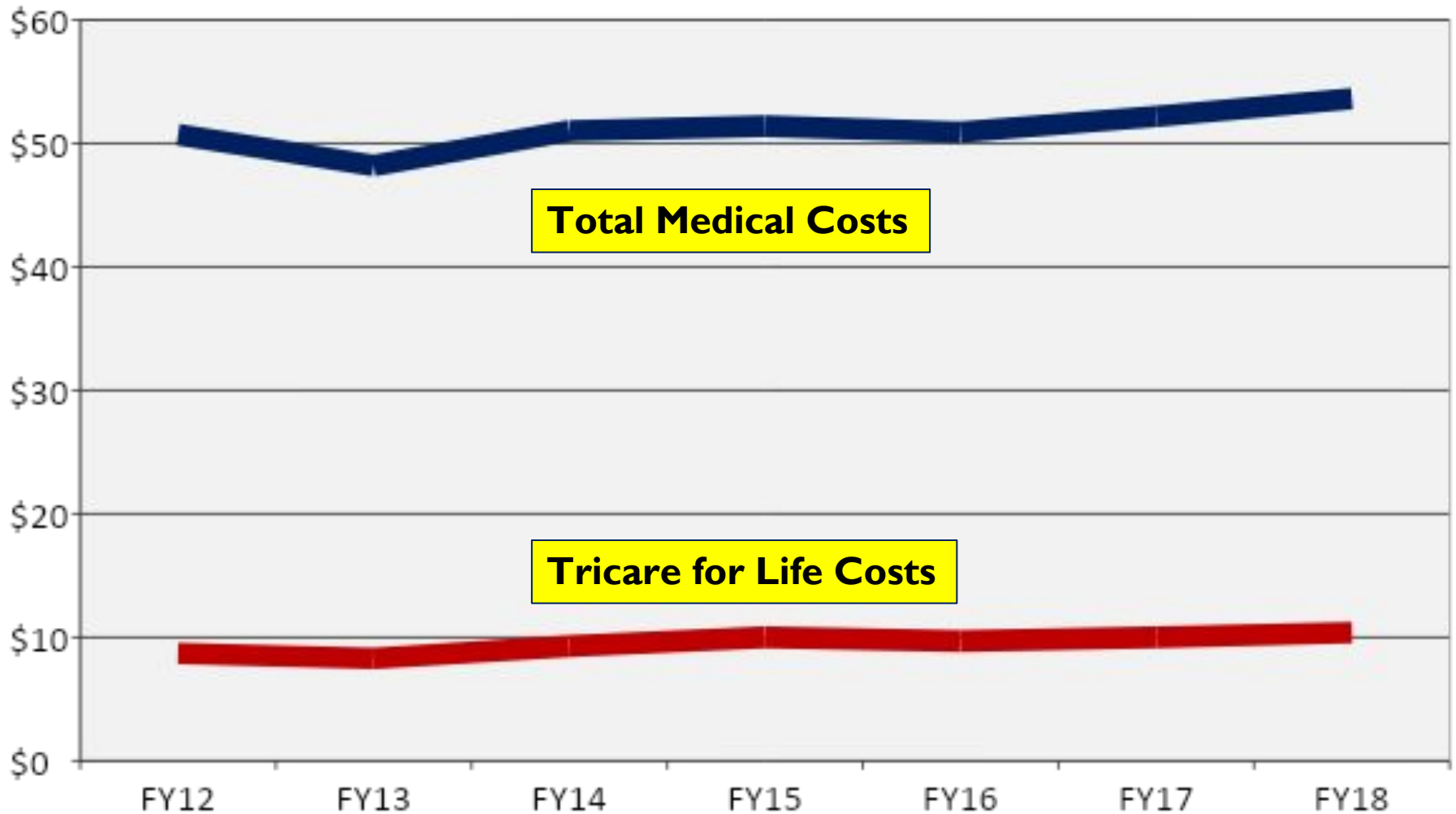
National Health Expenditures



Centers for Medicare & Medicaid Services, Department of Health and Human Services 2017
DOD Defense Health Agency 2018



DOD Health Care Costs



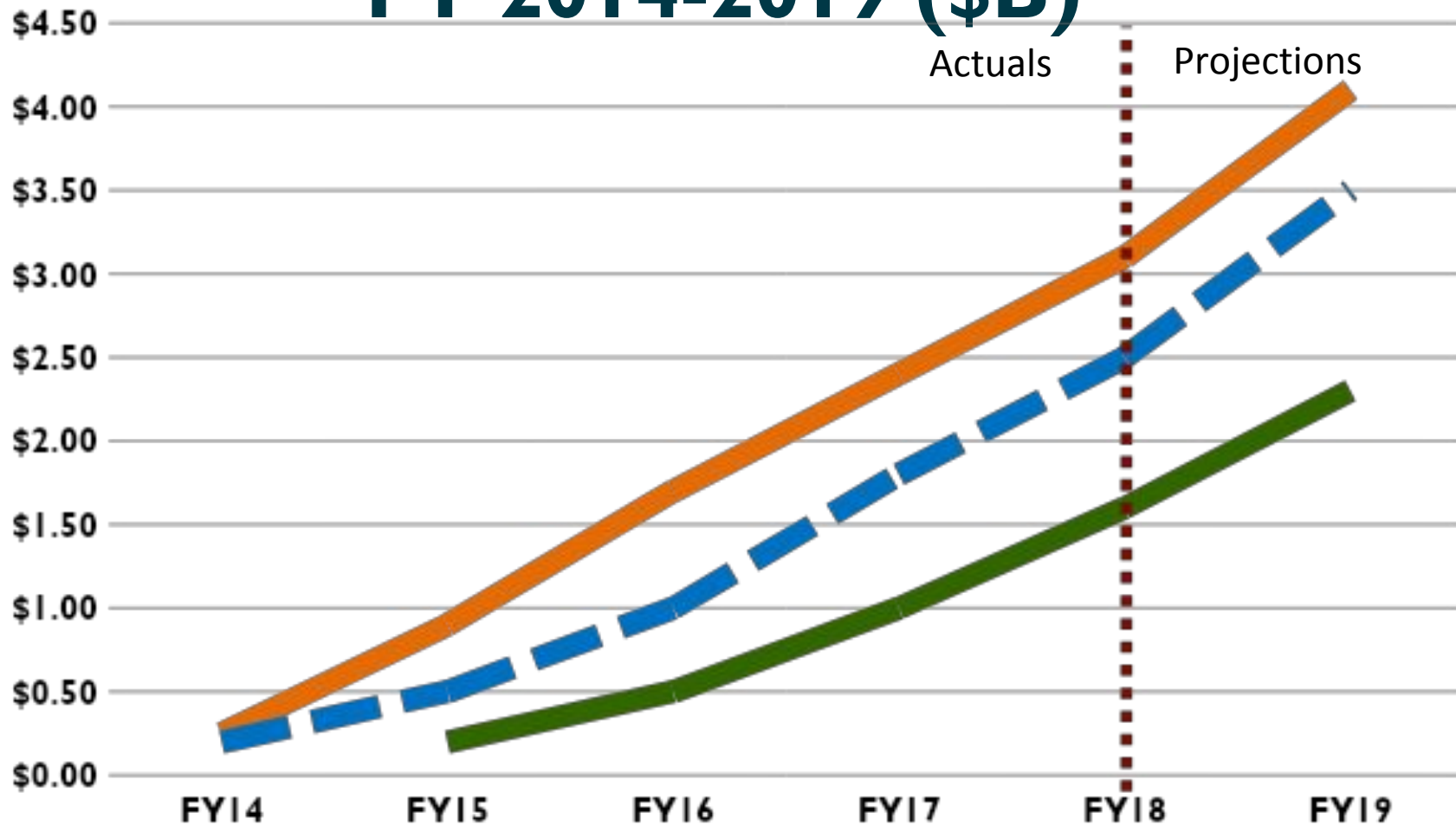
Actual dollar amount in billions

Source: Defense Health Agency, Evaluation of Tricare Program FY2018



DHA Net Savings Reports

FY 2014-2019 (\$B)



 **Actual Savings**

 **Initial Projected Savings**

 **Initial Reported Savings**

What's New in Current Programs

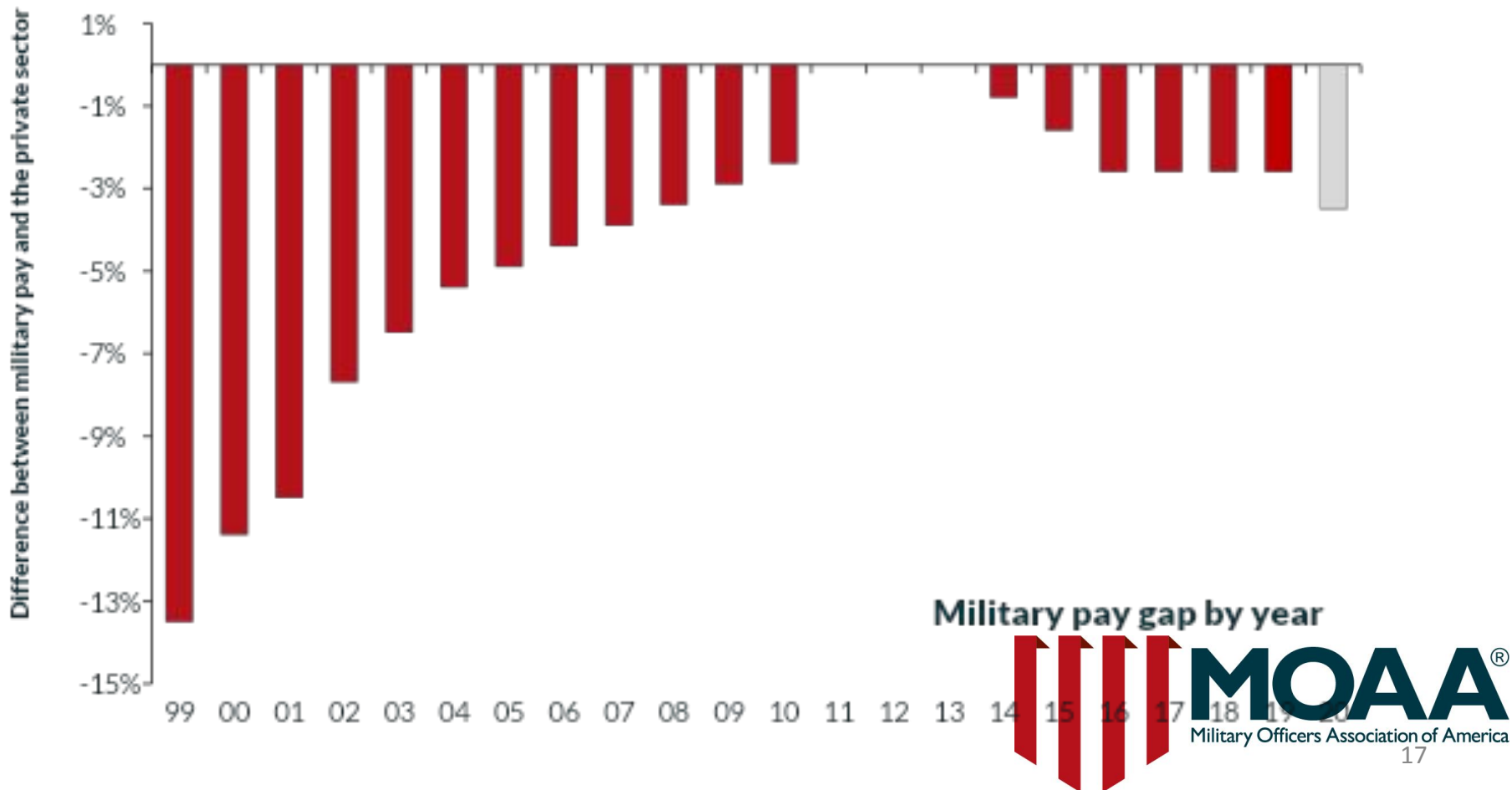


Key Legislative Actions

- Active Duty Pay Raises
- BAH calculation unchanged
- TRICARE Pharmacy Fee Increases
 - Retail/Mail-order Pharmacy Co-pays
 - **“To Fund Military Readiness and SSIA”**

Military Pay Steady but Behind

After a decade of hard work by MOAA and Congress to eliminate a 13.5% pay gap, military pay raises once again edged into the negative leveling off at a 2.6% cumulative gap behind the private sector.



Housing Allowance

Phased-in reduction to Basic Allowance for Housing (BAH)

- 1% less BAH for next 5 years (2015-2019)
- Total 5% decrease in BAH

2005 to 2014: BAH covered full housing cost per housing index



Key Legislative Actions

- Permanent extension to Special Survivor Indemnity Allowance (SSIA)
 - COLA protected, partially relieves Widow's Tax
- Authorizes 19,600 additional troops
- Arlington National Cemetery
 - Directs Sec Army to take action on burial criteria
 - Extend life “well into the future” – assumption 100 years



TRICARE Changes

- New TRICARE fee structure applied to TRICARE **Select** co-pays
 - Deductible: \$150 ind, \$300 fam
 - Network: **Flat fee**; Primary care \$29, Specialty \$41
 - Non-network: 25% co-pay
- TRICARE **Prime** Annual Enrollment Fee increases
 - Slightly more than COLA, **but not HEI***
 - Annual premium: \$297 ind, \$594 fam
 - Co-pays = \$20 primary / \$30 specialty

* Health Expenditure Index – Measures increases in government healthcare spending; not an inflation index. Recent rates approx: 6%.



TRICARE Changes

- **Open Season—Annual enrollment at end of CY**
 - Tricare Prime and Select Only*
 - Automatic enrollment if no change
 - You can now choose NOT to enroll—not have Tricare coverage
 - Must make changes during the **Open Season**
 - **Open Season, Nov 11th through Dec 9th 2019**
 - “Qualifying Life Event” changes any time

*Tricare Open Season **doesn't apply to TRICARE For Life, TRICARE Young Adult, TRICARE Reserve Select, TRICARE Retired Reserve, or the Continued Health Care Benefit Program.**



Tricare Changes

- **On Jan 1, 2021, “Select” annual enrollment fee**
 - \$150 individual; \$300 family
 - NO fee for medical retirees, currently serving, AD survivors
 - COLA applies to enroll fee in future years
 - Deductibles still apply at current rates (\$150/\$300)
- **Catastrophic Cap** increases to \$3500
 - Retirees only
 - COLA in future years
 - Currently serving remains \$1000



Pharmacy Costs

Phased Increases Over the Years

	FY 2019 Rate	FY 2027 Proposed Rate
MTF Pharmacy (90-days)	0	0
Retail (30-days)		
Generic	\$11	\$14
Brand	\$28	\$48
Non-Formulary	\$53	\$90
Mail Order (90-days)		
Generic	\$7	\$14
Brand	\$24	\$44
Non-Formulary	\$53	\$85



Dental & Vision Plans

- Federal Employees Dental and Vision Insurance Plans (FEDVIP)
- Eligibility:
 - Retirees and families both dental and vision
 - AD families vision only
- Replaced Tricare Retiree Dental Plan (TRDP)
- Open Season, Nov 11th to Dec 9th 2019



Dental & Vision Plans

- Changes during Open Season only
 - Unless for **Qualifying Life Event**
- Lots of coverage options
 - 10 Dental and 4 Vision
- Follow updates at: www.benefeds.com

www.MOAA.org

**MOAA Educational Webinar
Archives**

***“How to Shop for a FEDVIP
Dental and Vision Plan”***

Repeat Live Broadcast on

**October 9th @ 2PM
Eastern**



DOD Hearing Aid Program

- **Retiree-at-Cost Hearing Aid Program (RACHAP)**
 - Implemented on an “**as able**” basis
 - **Wright Patterson AFB** closest to this area
 - *Both retiree and spouse*
 - Check with nearest base hospital or clinic
 - **Google “RACHAP”**

Other Benefit Updates



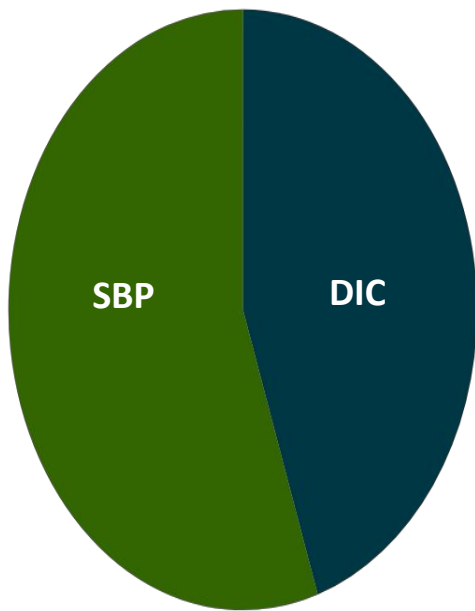
Survivor Benefit Plan (SBP) – Dependency & Indemnity Compensation (DIC)

- SBP (DOD) & DIC (VA) Paid for Different Reasons
- SBP is Purchased Insurance
- DIC Should Be Added Indemnity for Service-Caused Death
- Survivors of Federal Civilian-Vets Don't Forfeit Civilian SBP When DIC Payable

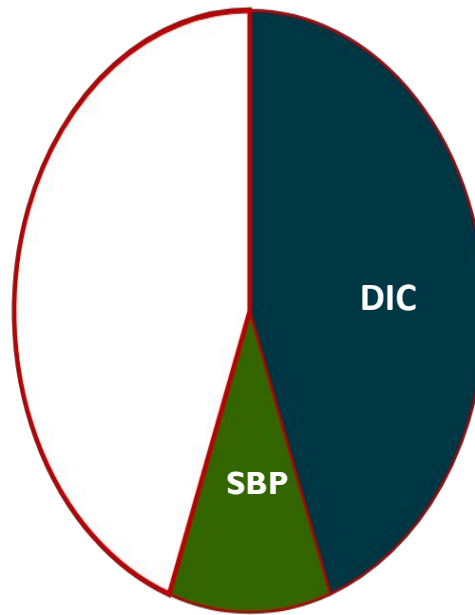
SUPPORT H.R. 553 & S 622

“Military Surviving Spouses Equity Act”

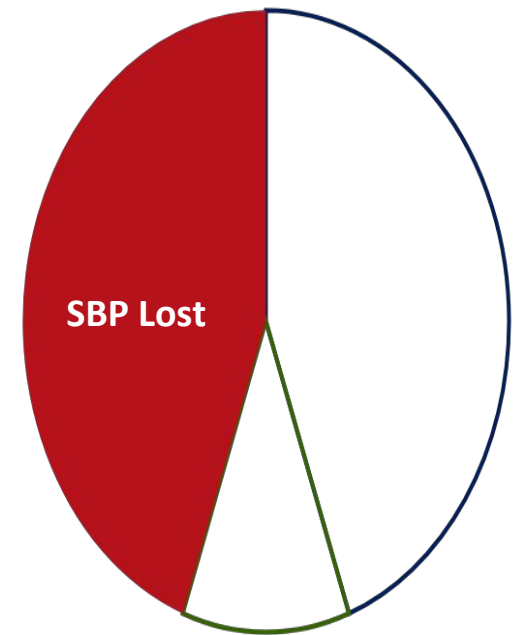
DIC Should be Added to SBP; Not Subtracted from It



Survivors should get



But only receive



Survivors **Lose**

SBP-DIC-SSIA

How it All Works

- Social Security Offset was eliminated...
- The SBP-DIC Offset still applies
- Offset is dollar-for-dollar:

\$SBP

-\$DIC (\$1319/mo)

SBP “Net Benefit”

+\$SSIA



Decrement Benefit

**Special Survivor Indemnity
Allowance (SSIA)**

2019 -- \$318mo

Concurrent Receipt

How it Works

CR – restoration of vested retired pay due to years of service

Without CR

Retired pay
- VA Waiver
Net Retired Pay
+
Full VA comp
**Total
compensation**

Without CR

<50% VA rating or
<20 years of service
No Service combat rating

With CRDP

Retired pay
- ~~VA Waiver~~
Full Retired pay
+
Full VA comp
**Total
compensation**

CRDP

50%(+) VA rating and
20(+) years of service
Automatic approval

With CRSC

Retired pay
- VA Waiver
Net Retired pay
+
Full VA comp
+
CRSC Check
**Total
compensation**

CRSC

Any VA rating
Any years of service
Must be combat rated
by applying to Service

Congress Has Fixed For Some

	Combat Non-Combat <u>Related</u>	<u>Related</u>
20+ Yrs/100% and IUs	Yes	Yes
20+Yrs/50+% Disability	Yes	Yes
20+ Yrs/0-40% Disability	Yes	No
Under 20 Yrs—Med Retire	Yes	No

In the works: follow MOAA.org



Blue Water Navy and VA

- National policy waiting on final legal review
- VSOs already working claims; 5000 to date
- VA searching past records for potential claims
 - Verifying 12NM range and the vessel of known claimants
 - Notifying members and families
- VA using their 6-month legal period to roll out program
- VA team working on deck logs rec'd from National Archives & Records Administration (NARA)
- Exams to start Oct/Nov
- Expectation from VA is 1 Jan for compensation to start



Appeals Modernization Act

- 3 Appeal “Lanes”
 - Higher Level Review / Supplemental Claim / Straight to the Board
- HLR and Supplemental goal is 125 days
 - Since February 2019 HLR 20 days and Supplemental 50 days
- Board of Appeals goal is one year
 - Requesting a hearing may cause appeal to exceed one year

President's/DOD Budget

Major Issues

- Pentagon is **not** seeking any changes in TRICARE cost sharing under the Defense Health Program
 - This includes no TRICARE for Life cost increases
 - However, Congress or Senate can still increase fees
- Proposing a 18,000 billet cut in medical staff across the services
 - Big ticket issue for retirees
 - Reduction in base access
- Currently serving pay raise, 3.1%

What MOAA Is Prepared For...

- **Sequestration returns in 2020 (2011 Budget Control Act)**
- **5% budget cuts proposed; DOD included**
- **Currently-Serving Pay**
- **Cuts to Currently-Serving Housing Allowance**
- **Increases to Tricare fees**
- **Increases to Pharmacy co-pays**
- **Potential for Tricare for Life fee**
- **Act SecDef Pat Shanahan: About cuts...**

“not just for one year...or a phase...held constant over the future years...”



Past & Current Proposals Not Passed but Not Dead

- **Tricare costs**
 - Eliminate Group A, only Group B costs
 - Indexing to the **Health Expenditure Index**
 - Measurement of government spending NOT inflation
- **Congressional Budget Office proposals**
 - Rumor of Tricare for Life fees
 - Significant Tricare fee increases

MOAA's Priorities

- Prevent disproportional Tricare fee increases
- Sustain currently serving pay per law
- Stop erosion of compensation and benefits
- End financial penalties for survivors
- Fix concurrent receipt for all retirees
- Enhance and fix VA services
- Protect family programs
- Enhance Guard and Reserve benefits



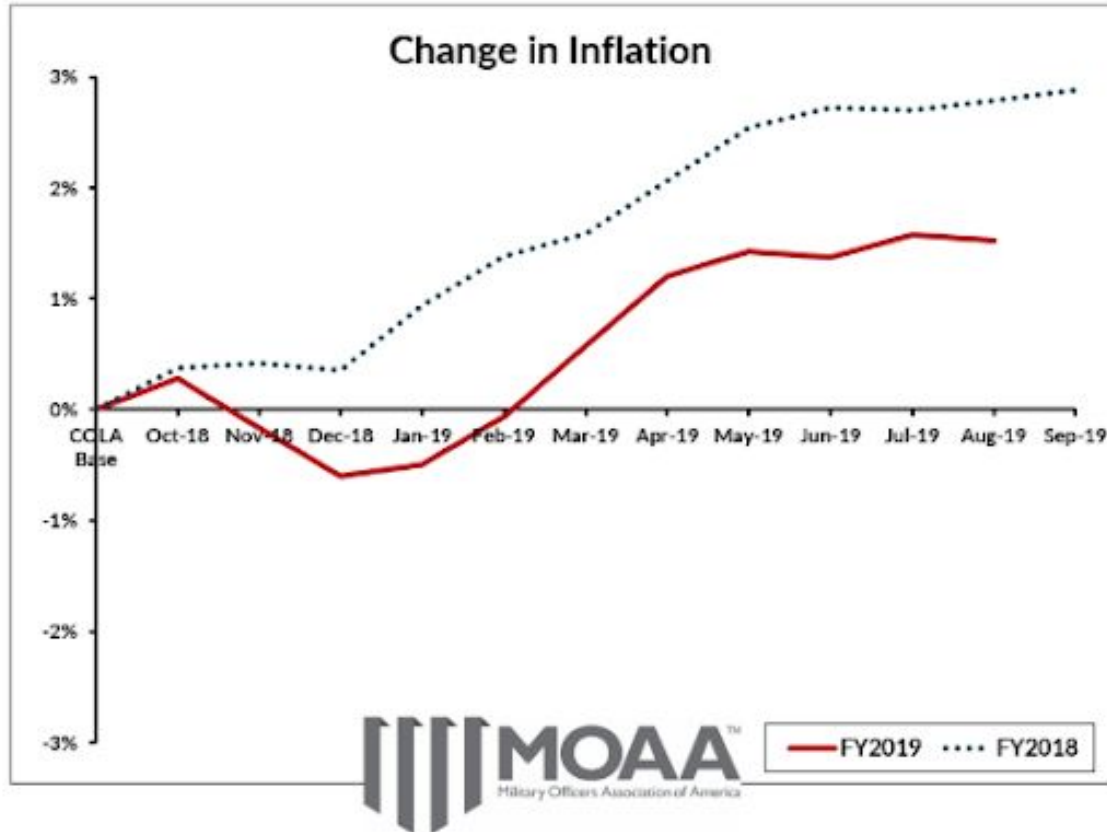
Cost of Living Adjustment (COLA)



COLA Watch

The August 2019 CPI is 250.112, 1.5 percent above the FY 2019 COLA baseline.

The Consumer Price Index for September is scheduled to be released Oct. 10. The CPI baseline for FY 2019 is 246.352.



The calculation is made by comparing the average CPI from July through September of the current fiscal year to the average for the same months of the year prior. Remember, active duty pay raises are calculated differently.

The August 2019 CPI is 250.112, 1.5 percent above the FY 2019 COLA baseline.
The Consumer Price Index for September is scheduled to be released Sept. 12. The CPI baseline for FY 2019 is 246.352.



Guard/Reserve Issues



Guard/Reserve Specific Issues

- National Guard and Reserve Family Forum
- Improving pay systems and educating employers to reduce disruptions as they transition through all duty statuses
- Continuity of health care during duty status transition
- Support resources to bolster support for families living in nonmilitary communities
- Keeping servicemembers and their families informed on benefits
- Reducing the high suicide rate, which is amplified by geographic separation from military community support and mental health resources



Association Representation is Necessary on the Hill!!!

**The Upcoming Discussions
About Your Benefits**



Upcoming MOAA Events

- Webinar Archives
 - <https://www.moaa.org/content/benefits-and-discounts/transition-and-careers/transitionwebinars/>
- Finance/Benefits/VSO – Oct 9th

www.MOAA.org

The screenshot shows the MOAA website's navigation menu. The top navigation bar includes links for 'CURRENTLY SERVING', 'RETIRES', 'FORMER OFFICERS', 'FAMILY', and 'COUNCILS & CHAPTERS'. A search bar is located to the right of these links. Further right are links for 'JOIN', 'MEMBER BENEFITS', and 'LOG IN'. Below the navigation bar, the main menu is displayed with five categories: 'BENEFITS & DISCOUNTS', 'EVENTS', 'TAKE ACTION', 'PUBLICATIONS & MEDIA', and 'ABOUT MOAA'. Each category has a list of sub-items and a plus sign to expand the list. The 'EVENTS' category is highlighted with a red border, and the 'BENEFITS & DISCOUNTS' category is highlighted with a green border. The 'TAKE ACTION' category is highlighted with a blue border. The background of the website features a photograph of a person in a military uniform sitting in a vehicle.

CURRENTLY SERVING **RETIRES** **FORMER OFFICERS** **FAMILY** **COUNCILS & CHAPTERS** **SEARCH** **JOIN** **MEMBER BENEFITS** **LOG IN**

MOAA Military Officers Association of America

- BENEFITS & DISCOUNTS**
 - FINANCE
 - PAY & BENEFITS
- EVENTS**
 - STORMING THE HILL 2019
 - 2019 MILITARY AND VETERAN NETWORKING FORUM
- TAKE ACTION**
 - MOAA'S 2019 ADVOCACY MISSION
 - LEGISLATIVE ACTION CENTER
- PUBLICATIONS & MEDIA**
 - MILITARY OFFICER MAGAZINE
 - MOAA PUBLICATIONS
- ABOUT MOAA**
 - WHY JOIN?
 - MOAA AT A GLANCE
 - MEET OUR LEADERS

2019 MILITARY APPRECIATION MONTH DISCOUNTS

Military Officers Association of America

WWW.MOAA.ORG

Please contact your elected representatives

Strength comes in numbers

Your single voice does matter

Come see us at the MOAA table



Tricare Select

Group A and B Costs

Select Group A

Enroll Fee: None now.

In 2021; \$150ind/\$300fam

Deductibles: \$150ind/\$300fam

Cat Cap: \$3000

Co-pay:

In-Network: \$29pri, \$41spec

Out Network: 25%

Select Group B

Enroll Fee: \$462ind/\$924fam

Deductibles:

In-net: \$154ind/\$308fam

Out Net: \$308ind/\$616fam

Cat Cap: \$3598

Co-pay:

In-Network: \$25pri, \$41spec

Out Network: 25%



Tricare Prime

Groups A and B Costs

Group A

Annual Fee: \$297ind/\$594fam

Deductible: 0

Cat Cap: \$3000

Co-pay:

Primary: \$20

Special: \$30

Group B

Annual Fee: \$360ind/\$720fam

Deductible: 0

Cat Cap: \$3598

Co-pay:

Primary: \$20

Special: \$30

