

Action in Congress

By Tom Philpott, Contributing Editor

Retirees Fire Back on Tricare; Thumbs Down on Veterans Fees; Updating the GI Bill

Tricare Fee Plan Blasted

The Pentagon's plan to raise Tricare fees for retirees quickly bogged down on Capitol Hill.

Sen. Lindsey O. Graham (R-S.C.), chairman of the Senate Armed Services personnel subcommittee, saw waves of blistering e-mails and letters from retirees. They were angered by DOD's move to impose new costs on under-65 military retirees and members of their families. (See "Editorial: Faith No More?," April, p. 2.)

In February, Graham had praised Defense Secretary Donald H. Rumsfeld and Marine Corps Gen. Peter Pace, Chairman of the Joint Chiefs of Staff, for finding "new ways of looking at military health care." By March, however, Graham had altered course, suggesting the proposed increase was politically unrealistic.

Rep. John McHugh (R-N.Y.), already skeptical of the fee increases, called for an independent review of DOD's estimate of projected savings. (See "Action in Congress: Keeping Pace With Costs," April, p. 25.)

Defense officials had hoped to begin phasing in the higher rates as early as October. Within two years, enrollment fees for Tricare Prime, the managed care program, would triple for retired officers, double for senior enlisted, and rise by 41 percent for retired enlisted in grades E-6 and below.

Deductibles for Tricare Standard, the fee-for-service option, also would rise sharply. For the first time, Standard users would pay an annual enrollment fee. Prime and Standard fees, once reset, would be raised annually to keep pace with health care inflation. Tricare retail pharmacy co-payments also would be increased.

Powerful Opposition Emerges

The Tricare plan went off the rails in the House in early March when Rep. Duncan Hunter (R-Calif.), chairman of the House Armed Services Committee, and Rep. Ike Skelton (D-Mo.), the ranking minority member, said they



AP photo by Greg Campbell

Graham got lots of incoming from retirees.

would not support the Tricare increases for Fiscal 2007, and, therefore, the defense budget ceiling should not assume savings.

A week later, Rep. Walter Jones (R-N.C.) and Rep. Chet Edwards (D-Tex.) introduced the Military Retirees' Health Care Protection Act to block the fee increases. Jones and Edwards particularly criticized raising the fees in wartime. Within two weeks, their bill had 118 co-sponsors.

McHugh described the proposed increases as "huge" and suggested including provisions in the final defense authorization bill delaying action on the plan for at least a year. In the Senate, Graham declared, "There is no way we're going to have 115 percent fee increases over the next few years. Period."

VA Fees Rejected Again

The Senate raised the VA health care budget ceiling by \$795 million for Fiscal 2007.

At the same time, it rejected, once again, the Bush Administration's call to set a \$250 enrollment fee for VA

health care and to raise VA drug co-payments from \$8 to \$15 for veterans with above-poverty incomes and no service-related disabilities. (See "Action in Congress: VA Fee Increases: Take Four," April, p. 25.) The Senate action came on an amendment proposed by Sen. Conrad Burns (R-Mont.). It passed unanimously.

"These fees [would] lead us down the road to turn the VA into another HMO, which will make it harder and harder for our veterans to be able to afford basic care," Burns said.

Sen. Larry E. Craig (R-Idaho), chairman of the veterans' affairs committee, said he supported Burns' amendment but also was "sobered" by its implications. The VA medical budget will be 70 percent higher than it was in 2001, the largest rise in VA programs in history.

"I urge my colleagues to engage in a serious and candid dialogue about sustainability of this system," Craig said.

Self-Storage Issues

Rep. John McHugh (R-N.Y.) has warned the exchange services not to establish self-storage facilities on bases

Ad Space

where adequate commercial storage exists off base.

McHugh said Army officials argued to allow the Army and Air Force Exchange Service (AAFES) to run a self-storage facility on Ft. Drum, N.Y., within his district.

But McHugh later saw that “literally within 150 yards of the front gates there are dozens of self-storage areas. And we were being told there was nothing for single soldiers who need a place to store their bikes.”

AAFES eyes self-storage operations to serve troops and offset revenue declines expected from base closures and a return of overseas troops. Profits pay for morale, welfare, and recreation (MWR) programs.

Air Force Maj. Gen. Paul W. Essex, AAFES commander, told McHugh’s personnel subcommittee in March that by Fiscal 2011, the restationing of forces from Germany and Korea and Stateside base closures due to BRAC could slice exchange dividends for MWR activities by \$77 million.

McHugh said the subcommittee will strive to strike a balance between the needs of service members and damaging local businesses.

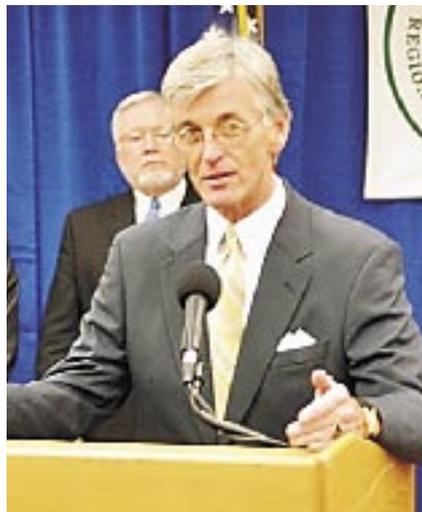
Other MWR Issues

McHugh also raised other MWR and exchange issues, saying that:

- The Navy and Army have a poor track record for allocating appropriated tax dollars to fund their MWR programs. The two services have fallen short of goals every year since 2004.

- The Defense Commissary Agency is becoming increasingly efficient. In Fiscal 2007, DeCA will spend fewer tax dollars to run commissaries, adjusting for inflation, than it used in 2000.

- “After several years and millions of dollars, we seem to be no closer to



McHugh seeks balance in services.

making a decision on the best course for exchange consolidation,” McHugh said. He urged DOD to cut its losses and “recognize that there are no great advantages” to consolidation.

Some Reserve Ideas

Sen. Lindsey Graham (R-S.C.) favors legislation that would allow reserve retirement a year earlier for every two years served beyond 20. A 22-year reserve career, therefore, would lead to retired pay and benefits starting at age 59; a 30-year career would mean full benefits at age 55.

“If we don’t look at something like that, we are going to lose people at the 20-year point in droves,” Graham warned at a hearing in March for the Commission on the National Guard and Reserves. Families are being stressed to the breaking point, he claimed.

Sen. Christopher S. Bond (R-Mo.) asked the commission to study proposals from the Senate National Guard Caucus that give the Guard “more bureaucratic muscle so that the force will not continually be pushed around in policy and budget debates within the Pentagon.”

One proposal would make the National Guard chief a four-star officer and a member of the Joint Chiefs. Another would provide the Guard its own procurement budget. (See “Aerospace World: Does JCS Need a Guard Chief?” p. 20.)

The 10th QRMC

Another Congressionally mandated panel, the 10th Quadrennial Review of Military Compensation, began work April 1. Retired Air Force Brig. Gen. Jan D. Eakle will lead the 10th QRMC.

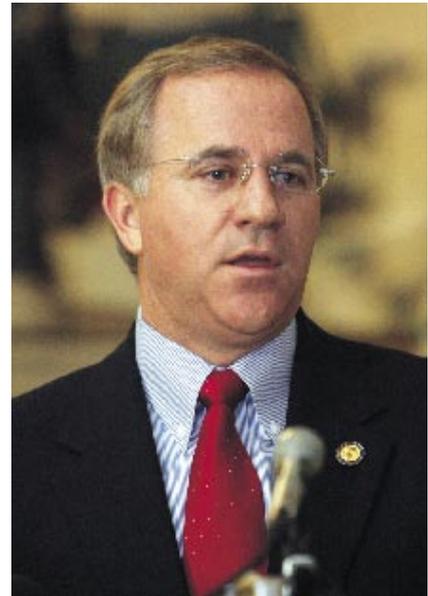
The starting point will be to review the recommendations of the Defense Advisory Committee on Military Compensation. That panel recommends a more flexible military retirement to replace the rigid 20-year plan.

The 20-year plan wouldn’t end for the current force, but a new plan would be offered as an option, promising at least some retirement benefits to members who don’t expect to serve for 20 years.

The advisory panel also recommends an end to a pay disparity by eliminating the “without dependents” rate for basic and overseas housing allowances. This would raise tax-free housing allowances in Stateside areas by an average of \$5,300 a year for single officers and \$4,400 a year for single enlisted.

GI Bill Modernization

The House Veterans’ Affairs Committee is holding a series of hearings



Buyer wants MGIB flexibility.

this year on ways to modernize the Montgomery GI Bill.

Rep. Steve Buyer (R-Ind.), committee chairman, said he wants active duty members to have greater flexibility to use their MGIB benefits. Also, he might support making Reserve MGIB benefits more “portable” so they can be used after reservists leave service.

Mike Brink, staff director of a veterans’ affairs subcommittee, said Buyer wants to encourage more MGIB enrollees to use benefits by allowing them to cover training costs for a wider variety of jobs. For example, the law allows accelerated payment of benefits for short-term, high-cost technical training. Buyer wants that option for some nontechnical jobs such as training to become long-haul truck drivers.

Reservists now commit to an initial six-year obligation and then can draw some MGIB benefits as long as they remain in a drill status.

Vets Unemployed

The unemployment rate among veterans age 20 to 24 has jumped four percentage points, to 15 percent, since the attacks of 9/11. That is about double the jobless rate of same age non-veterans, said the Government Accountability Office in a report to the Senate Veterans’ Affairs Committee.

Committee Chairman Craig called the trend “startling.”

Richard F. Weidman, director of government relations for the Vietnam Veterans of America, said the employment assistance system for veterans “is every bit as broke today as it was before the passage of the Jobs for Veterans Act, with even more financial and operational problems.” ■