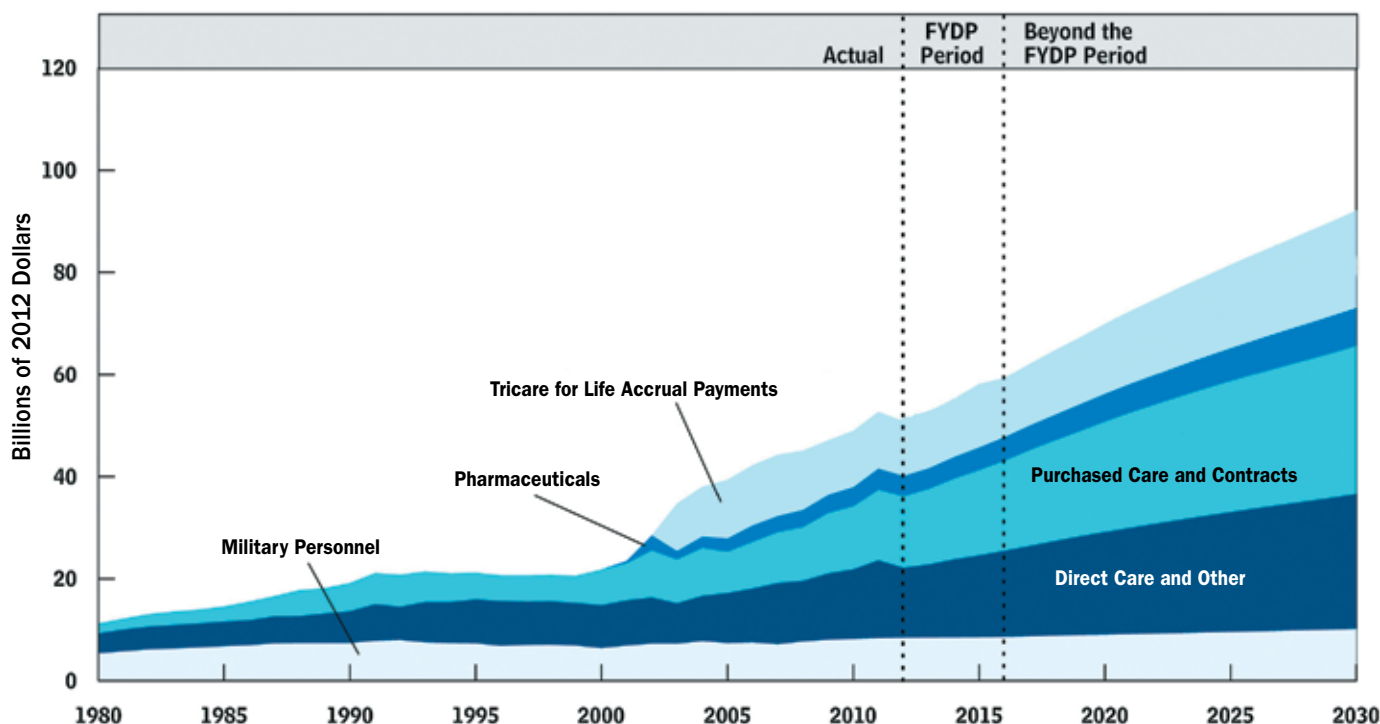


The Military's Medical Problem

As the Obama Administration grapples with DOD's budget, a prime target will be health care spending. The Pentagon's medical costs boomed over the past decade, rising to \$51 billion today. Military health care costs now account for some nine percent of DOD's budget. And, according to the Congressional Budget Office, spending will only grow, absent political reforms.

More than nine million people are eligible for subsidized care. As the chart shows, CBO projects that spending could hit \$59 billion by 2016 and as much as \$92 billion by 2030. The worry, at a time of flat or declining DOD budgets, is that health outlays will crowd out spending on weapons, readiness, and other vital aspects of national defense.

Surging Cost of Military Health Care System



Funding for overseas wars is included for 2011 and earlier but not later. Before 2001, costs of pharmaceuticals were found in "Purchased Care and Contracts" and "Direct Care and Other." FYDP period = 2012-2016, in which DOD plans are specified. The extension = 2017-2030, in which CBO has projected costs.

Source: "The Long-Term Implications of the 2012 Future Years Defense Program," Congressional Budget Office, Washington, D.C., June 2011. Adapted from Fig. 2-2, p. 17.