



**T H E M I L I T A R Y C O A L I T I O N**

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**STATEMENT OF  
THE MILITARY COALITION (TMC)**

**before the**

**SENATE ARMED SERVICES  
SUBCOMMITTEE ON PERSONNEL**

**April 13, 2011**

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MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE. On behalf of The Military Coalition (TMC), a consortium of nationally prominent uniformed services and veterans' organizations, we are grateful to the committee for this opportunity to express our views concerning issues affecting the uniformed services community. This testimony provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the seven uniformed services, plus their families and survivors.

Air Force Association  
Air Force Sergeants Association  
Air Force Women Officers Associated  
AMVETS (American Veterans)  
Army Aviation Association of America  
Association of Military Surgeons of the United States  
Association of the United States Army  
Association of the United States Navy  
Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard  
Commissioned Officers Association of the U.S. Public Health Service, Inc.  
Enlisted Association of the National Guard of the United States  
Fleet Reserve Association  
Gold Star Wives of America, Inc.  
Iraq and Afghanistan Veterans of America  
Jewish War Veterans of the United States of America  
Marine Corps League  
Marine Corps Reserve Association  
Military Chaplains Association of the United States of America  
Military Officers Association of America  
Military Order of the Purple Heart  
National Association for Uniformed Services  
National Guard Association of the United States  
National Military Family Association  
Naval Enlisted Reserve Association  
Non Commissioned Officers Association  
Reserve Enlisted Association  
Reserve Officers Association  
Society of Medical Consultants to the Armed Forces  
The Retired Enlisted Association  
United States Army Warrant Officers Association  
United States Coast Guard Chief Petty Officers Association  
Vietnam Veterans of America

The Military Coalition, Inc. does not receive any grants or contracts from the federal government.

## Executive Summary

### Deficit Reduction Proposals

**Cost-of-Living Adjustments (COLAs)** -- A top Coalition priority is to guard against any discriminatory treatment of retired members of the uniformed services compared to other Federal COLA-eligibles and to ensure continued fulfillment of congressional COLA intent "to provide every military retired member the same purchasing power of the retired pay to which he was entitled at the time of retirement [and ensure it is] not, at any time in the future...eroded by subsequent increases in consumer prices."

**Military Pay** -- The Coalition urges against short-sighted proposals to freeze or cap uniformed services pay raises below private sector pay growth, and recommends a 2012 raise of at least 1.6% to match Employment Cost Index (ECI) growth.

**Health Care Fees** -- Coalition member associations hold a diversity of views concerning the DoD-proposed TRICARE fee adjustments for FY2012.

However, the Coalition strongly objects to the DoD-proposed adjustment methodology that would tie TRICARE Prime fee increases for nondisabled military beneficiaries aged 38 to 64 in future years to an as-yet-unspecified measure of health cost growth for the broader population that DoD actuaries assume would grow at an average of 6.2% per year.

The Coalition believes that military beneficiaries from whom America has demanded decades of extraordinary service and sacrifice have earned coverage that is the best America has to offer, consistent with their extraordinarily high pre-paid premiums of decades of service and sacrifice.

Congress needs to protect military beneficiaries against dramatic budget-driven fluctuations in this vital element of service members' career compensation incentive package.

Reducing the value of TRICARE for Life by \$3,000 per year (\$6,000 for a couple) as recommended by the Deficit Commission would be inconsistent with military beneficiaries' sacrifices and would undermine Congress' intent when it authorized TFL in 2001 -- less than 10 years ago.

Reducing military retirement benefits would be particularly ill-advised when an overstressed force already is at increasing retention risk despite the current downturn of the economy and current recruiting successes.

TMC believes:

- All retired service members earned equal health care coverage by virtue of their service.
- Means-testing has no place in setting military health fees.
- Congress should direct DoD to pursue any and all options to constrain the growth of health care spending in ways that do not disadvantage beneficiaries.
- TRICARE Prime enrollment fees for nondisabled retirees under 65 should not be adjusted based on health cost increases for the broader population, as proposed by DoD.

- It should be Congress’s responsibility, not the Defense Secretary’s, to establish appropriate and stable parameters governing crucial career retention programs such as the healthcare package for currently serving and retired military members and their families and survivors.

**Military Retirement** -- The Coalition strongly opposes initiatives that would “civilianize” the military retirement system and inadequately recognize the unique and extraordinary demands and sacrifices inherent in a military career.

Reducing incentives for serving arduous careers of 20 years or more can only undermine long-term retention and readiness, with particularly adverse effects in times of war. Simultaneously increasing compensation for those who leave short of fulfilling a career would only compound those adverse effects.

**DoD Schools** -- The Coalition opposes closing or curtailing DoD dependent schools based primarily on budget concerns. The need for the schools should continue to be evaluated based on the capacity of local school districts to provide quality educational opportunities for military students.

**Consolidation of DoD Retail Operations** -- The Coalition supports continuing efforts to improve commissary and exchange program efficiency, but objects to initiatives that reduce benefit value for patrons and the associated retention value for the uniformed services.

### **Wounded Warrior Care**

**Institutional Oversight** -- The Coalition urges joint hearings by the Armed Services and Veterans Affairs Committees to assess the effectiveness of current seamless transition oversight efforts and systems and to solicit views and recommendations from DoD, VA, the military services, and non-governmental organizations concerning how joint communication, cooperation, and oversight could be improved. In addition, the hearings should focus on implementation progress concerning:

- Single separation physical;
- Single disability evaluation system;
- Bi-directional electronic medical and personnel records data transfer;
- Medical centers of excellence operations and research projects;
- Coordination of care and treatment, including DoD-VA federal/recovery care coordinator clinical and non-clinical services and case management programs; and
- Consolidated government agency support services, programs, and benefits.

**Continuity of Health Care** -- The Coalition recommends:

- Authorizing service-disabled members and their families to receive active-duty-level TRICARE benefits, independent of availability of VA care for three years after medical retirement to help ease their transition from DoD to VA.
- Ensuring Guard and Reserve members have adequate access and treatment in the DoD and VA health systems for Post Traumatic Stress Disorder and Traumatic Brain Injury following separation from active duty service in a theatre of operations.

**Caregiver/Family Support Services** -- The Coalition recommends:

- Providing enhanced training of DoD and VA medical and support staff on the vital importance of involving and informing designated caregivers in treatment of and communication with severely ill and injured personnel.
- Providing health and respite care for non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage while the injured member remains on active duty, commensurate with what the VA authorizes for medically retired or separated members' caregivers.
- Authorizing up to one year of continued residence in on-base housing facilities for medically retired, severely wounded, ill and injured servicemembers and their families.

### *Active Forces and Their Families*

**End Strength** -- The Coalition urges the Subcommittee to:

- Sustain or increase end strength as needed to sustain the war and other operational requirements and enhance dwell time for servicemembers and families; and
- Sustain adequate recruiting and retention resources to enable the uniformed services to achieve required optimum-quality personnel strength.

**Family Readiness and Support** – The Coalition recommends that the Subcommittee:

- Encourage DoD to assess the effectiveness of programs and support mechanisms designed to assist military members and their families with deployment readiness, responsiveness, and reintegration.
- Fully fund effective programs and ensure their costs are included in the annual budget process.
- Expand child care availability and funding to meet the needs of the total force uniformed services community.
- Monitor and continue to expand family access to mental health counseling.
- Promote expanded opportunities for military spouses to further educational and career goals, such as the My Career Advancement Account (MyCAA) program.
- Promote implementation of flexible spending accounts to enable military families to pay health care and child care expenses with pre-tax dollars.

**Permanent Change-of-Station (PCS) Allowances** -- The Coalition recommends the Subcommittee:

- Authorize shipment of a second privately-owned vehicle at government expense to Alaska, Hawaii, and U.S. territories.
- Authorize reimbursement of house-hunting expenses, as is done for federal civilians.
- Authorize payment of a dislocation allowance to service members making their final change of station upon retirement from the uniformed services.
- Increase PCS mileage rates to more accurately reflect actual transportation costs.
- Further modify the PCS weight allowance tables for personnel in pay grades E-7, E-8, and E-9 to coincide with allowances for officers in grades O-4, O-5, and O-6 respectively. The allowance for a senior E-9 enlisted leader without dependents remains the same as for a single O-3, despite the normal accumulation of household goods over the course of a career.

### *National Guard and Reserve*

**Operational Reserve Retention and Retirement Reform** – TMC recommends:

- Authorizing early retirement credit to all Guard and Reserve members who have served active duty tours of at least 90 days, retroactive to September 11, 2001.
- Eliminating the fiscal year limitation which effectively denies full early retirement credit for active duty tours that span the Oct 1 start date of a fiscal year.
- Modernizing the reserve retirement system to incentivize continued service beyond 20 years and provide fair recognition of increased requirements for active duty service.

**Health Care Access Options** – The Coalition recommends:

- Requiring DoD to justify the sevenfold increase in TRICARE rates for individual TRR premiums for reservists who immediately enroll in TRR upon retirement from the Selected Reserve and have TRS coverage until separation.
- Authorizing TRICARE for early Reserve retirees who are in receipt of retired pay prior to age 60
- Permitting employers to pay TRS premiums for reservist-employees as a bottom-line incentive for hiring and retaining them.
- Authorizing an option for the government to subsidize continuation of a civilian employer’s family coverage during periods of activation, similar to FEHBP coverage for activated Guard-Reserve employees of Federal agencies.
- Extending corrective dental care following return from a call-up to ensure G-R members meet dental readiness standards.
- Allowing eligibility in Continued Health Care Benefits Program (CHCBP) for Selected Reservists who are voluntarily separating and subject to disenrollment from TRS.
- Allowing beneficiaries of the FEHBP who are Selected Reservists the option of participating in TRICARE Reserve Select.

**Yellow Ribbon Reintegration Program** – The Military Coalition urges the Subcommittee to hold oversight hearings and direct additional improvements in coordination, collaboration and consistency of Yellow Ribbon services between states.

**Reserve Compensation System** – TMC recommends:

- Crediting all inactive duty training points earned annually toward reserve retirement.
- Parity in special incentive pay for career enlisted/officer special aviation incentive pay, diving special duty pay, and pro-pay for reserve component medical professionals.
- Authorizing recalculation of retirement points after 1 year of mobilization. A recent law change allowed certain flag and general officers to recalculate retirement pay after one year of mobilization. TMC believes this opportunity should be made available to all ranks.

**Guard/Reserve GI Bill** – TMC recommends:

- Restoring basic reserve MGIB benefits for initially joining the Selected Reserve to the historic benchmark of 47-50% of active duty benefits.
- Integrating reserve and active duty MGIB laws in Title 38.
- Enacting academic protections for mobilized Guard and Reserve students including refund guarantees and exemption of Federal student loan payments during activation.

**Family Support Programs** – TMC recommends:

- Ensuring programs are in place to meet the special information and support needs of families of individual augmentees or those who are geographically dispersed.

- Funding joint programs among military and community leaders to support service members and families during all phases of deployments.
- Providing preventive counseling services for service members and families and training so they know when to seek professional help related to their circumstances.
- Authorizing and funding child care, including respite care, family readiness group meetings and drill time.
- Improving the joint family readiness program to facilitate understanding and sharing of information between all family members.

### *Health Care*

**TRICARE Reimbursement Rates** -- TMC urges reversal of the 30% cut in Medicare/TRICARE payments to doctors scheduled for January 2012 and a permanent fix for the flawed formula that mandates these recurring annual threats to seniors' and military beneficiaries' health care access.

**TRICARE Cost Efficiency Options** – TMC continues to believe strongly that DoD has not sufficiently investigated options to make TRICARE more cost-efficient without shifting costs to beneficiaries.

**TRICARE Prime** – The Military Coalition urges the Subcommittee to:

- Require reports from DoD and the managed care support contractors on actions being taken to improve Prime patient satisfaction, provide assured appointments within Prime access standards, reduce delays in preauthorization and referral appointments, and provide quality information to assist beneficiaries in making informed decisions.
- Require increased DoD efforts to ensure consistency between the MTF and purchased care sectors in meeting Prime access standards.
- Ensure timely notification of and support for beneficiaries affected by elimination of Prime service areas under the new TRICARE contracts.

**TRICARE Standard** – The Coalition urges the Subcommittee to:

- Insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation.
- Require a specific report on participation adequacy in the localities where Prime Service Areas will be discontinued under the new TRICARE contracts.
- Oppose establishment of a TRICARE Standard enrollment fee, since Standard does not entail any guaranteed access to care.
- Increase locator support to beneficiaries seeking providers who will accept new Standard patients, particularly for mental health specialties.
- Seek legislation to eliminate the limit when TRICARE Standard is second payer to other health insurance (OHI): e.g., return to the policy where TRICARE pays up to the amount it would have paid, had there been no OHI.
- Bar any further increase in the TRICARE Standard inpatient copay for the foreseeable future.

**TRICARE For Life** – The Coalition urges the Subcommittee to:

- Resist initiatives to establish an enrollment fee for TFL, as many beneficiaries already experience difficulties finding providers who will accept Medicare patients.
- Seek ways to include TFL beneficiaries in DoD programs to incentivize compliance with preventive care and healthy lifestyles.

- Resolve the discrepancy between TRICARE and Medicare treatment of the shingles vaccine.

**Survivors' Coverage** – The Coalition recommends restoration of TRICARE benefits to previously eligible survivors whose second or subsequent marriage ends in death or divorce.

**Pharmacy** – The Coalition urges the Subcommittee to:

- Advance the use of the mail order option by lowering or waiving copays, enhancing communication with beneficiaries, and using technological advances to ease initial signup.
- Require DoD to include alternate packaging methods for pharmaceuticals to enable nursing home, assisted living, and hospice care beneficiaries to utilize the pharmacy program. Packaging options should additionally include beneficiaries living at home who would benefit from this program because of their medical condition (for example beginning stages of Alzheimer's).
- Create incentives to hold down long-term health costs by eliminating copays for medications for chronic conditions, such as asthma, diabetes, and hypertension or keeping copays at the lowest level regardless of drug status, brand or generic.

### **Retiree Issues**

**Concurrent Receipt** – The Coalition's continuing goal is to fully eliminate the deduction of VA disability compensation from earned military retired pay for all disabled retirees. In pursuit of that goal, the Coalition's immediate priorities include:

- Phasing out the VA disability offset for all chapter 61 (disability) retirees, as previously endorsed by the President and the Subcommittee;
- Clarifying the law to resolve technical disparities that inadvertently cause underpayment of certain eligibles for Combat Related Special Compensation (CRSC); and,
- Clarifying the law to ensure a disabled retiree's CRSC payment is not reduced when the retiree's VA disability rating increases, until the retiree is afforded the opportunity to elect between CRSC or CRDP.

**Disability Severance Pay** – The Coalition recommends:

- Further expanding eligibility to include all combat-related injuries, using the same definition as CRSC; and ultimately
- Expanding eligibility to include all service-connected disabilities, consistent with TMC view that there should not be a distinction between the treatment of members disabled in combat vice members with non-combat, service-caused disabilities.

**Former Spouse Issues** – The Coalition supports legislative action to:

- Base the award amount to the former spouse on the grade and years of service of the member at time of divorce (not time of retirement);
- Prohibit the award of imputed income while on active duty, which effectively forces active duty members into retirement;
- Extend 20/20/20 benefits to 20/20/15 former spouses;
- Permit the designation of multiple Survivor Benefit Plan (SBP) beneficiaries with the presumption that SBP benefits must be proportionate to the allocation of retired pay;
- Eliminate the "10-year Rule" for the direct payment of retired pay allocations by the Defense Finance and Accounting Service (DFAS);

- Permit SBP premiums to be withheld from the former spouse's share of retired pay if directed by court order;
- Permit a former spouse to waive SBP coverage;
- Repeal the one-year deemed election requirement for SBP; and
- Assist DoD and Services with greater outreach and expanded awareness to members and former spouses of their rights, responsibilities, and benefits upon divorce.

### **Survivor Issues**

**SBP-DIC Offset** – The Coalition recommends:

- Repeal of the SBP-DIC offset.
- Reinstating SBP for survivors who previously transferred payments to children when the youngest child attains majority, or upon termination of a remarriage.
- Allowing SBP eligibility to switch to children if a surviving spouse is convicted of complicity in the member's death.

**Special Needs Trust** – The Coalition recommends authorizing payment of SBP annuities for disabled survivors into a Special Needs Trust.

**Final Retired Pay Check** – TMC recommends authorizing survivors of retired members to retain the final month's retired pay for the month in which the retiree dies, as VA survivors are allowed to retain a disabled veteran's final-month disability pay check.

### **Morale, Welfare and Recreation and Quality of Life Programs**

TMC urges the Subcommittee to:

- Seek report updates from DoD and the Services to ensure delivery of needed MWR and quality of life program support at gaining and losing locations affected by BRAC and rebasing.
- Direct DoD to report to Congress on all DoD and Service active and reserve component MWR Category A, B, and C Programs and Family Support/Readiness (Quality of Life [QoL] Programs), including the Yellow Ribbon Program.
- Protect recreational and alternative therapy programs that integrate MWR, fitness and other quality of life programs and infrastructure to facilitate warrior treatment and care and to promote psychological health and welfare of troops and their families.

### **Military Construction**

The Coalition recommends the Subcommittee:

- Support military construction projects that modernize or replace the following infrastructure to meet increased personnel and operational deployment requirements:
  - child development centers (CDCs) and youth centers;
  - defense schools;
  - bachelor and family housing; and,
  - other traditional QoL program facilities.
- Encourage full funding of military housing repair and maintenance accounts to reduce backlogs and provide for safe, well-maintained housing units.

- Ensure that military housing privatization initiatives meet expected DoD-Service outcome goals and positively impact servicemember and family needs.
- Support a Health Facilities Program that modernizes or replaces Military Treatment Facilities (MTFs) and supports world-class health care delivery capability and capacity for all eligible beneficiaries.
- Ensure MWR, Milcon, housing, and family support construction policies and projects improve access for persons with disabilities.

### **Overview**

Mr. Chairman, The Military Coalition extends our thanks to you and the entire Subcommittee for your strong support of our active duty, Guard, Reserve, retired members, and veterans of the uniformed services and their families and survivors. Your efforts have had a significant and positive impact in the lives of the entire uniformed services community.

This past year was extremely arduous, with service members still at war on two separate fronts in southwest Asia and the nation slowly recovering from the recent economic crisis. Congress and the Administration have had difficult choices to make as they attempted to stimulate the economy while facing record-breaking budget deficits.

We are grateful that both the Defense Department and Congress placed top priority on personnel issues last year. As we enter the tenth year of intense wartime operations, the Coalition believes that this prioritization should continue for FY2012.

Despite the extraordinary demands, men and women in uniform are still answering the call – thanks in no small measure to the Subcommittee’s strong and consistent support – but only at the cost of ever-greater sacrifices.

Dramatic increases in suicide rates reflect the long-term effects of requiring the same people to return to combat again and again – and yet again.

In these times of growing political and economic pressures, the Coalition relies on the continued good judgment of the Armed Services Committees to ensure the Nation allocates the required resources to sustain a strong national defense, and in particular, to properly meet the pressing needs of the less than one percent of the American population – service members and their families – who protect the freedoms of the 99 percent.

In this testimony, The Coalition offers our collective recommendations on what needs to be done to meet these essential needs.

### **Deficit Reduction Proposals**

The National Commission on Fiscal Responsibility and Reform and several less publicized deficit-reduction panels have proposed a wide range of spending cuts, including proposed cutbacks in federal cost of living adjustments (COLAs); defense spending, including military pay and retirement; and federal health care programs, including TRICARE and TRICARE for Life.

The Coalition agrees with the fiscal commission's key premise: "America cannot be great if we go broke." The rapidly growing debt problem facing our country is all too real, and there is no easy fix. Solving this problem for the long term will involve shared pain by all Americans.

Congress has improved retention and readiness by addressing a number of quality of life issues for the military community over the last decade, authorizing TRICARE For Life and TRICARE Senior Pharmacy coverage, establishing concurrent receipt for most severely disabled and combat-disabled retirees, improving pay and allowances for currently serving personnel, upgrading health coverage for the Guard and Reserve community, passing major GI Bill improvements, and eliminating the age-62 Survivor Benefit Plan reduction for military widows, among other important initiatives.

Now, ironically, critics decry the growth in personnel and health care spending since 2000. To put that in context, it's important to recall that there were compelling reasons why all of those changes needed to be enacted.

Twelve years ago, military leaders were complaining of retention problems as decades of pay raise caps had depressed military pay nearly 14 percent below private sector pay. Military retirees and their spouses were being unceremoniously dumped from military health coverage at age 65 and all disabled retirees were forced to fund their own VA disability compensation from their service-earned retired pay. Survivor Benefit Program (SBP) widows suffered a 34-percent benefit cut at age 62, and GI Bill benefits had eroded dramatically, among many other challenges.

Congress' actions to address those problems were spurred in no small part by national concern to protect the interests of military people whose severe and extended wartime sacrifices have been highlighted on every front page and every evening newscast for nearly a decade.

A more extended view of history demonstrates that public and congressional support for protecting military people programs can fade quickly in times of strained budgets or when a period of extended military conflict is (or is expected to be) coming to an end. That was true in the 1940s, '50s, '70s, '80s and '90s.

As Congress assesses how to fairly allocate necessary sacrifices among the various segments of the population, the Coalition urges that you bear in mind that:

- Assertions about personnel and health cost growth since 2000 are highly misleading, because 2000 is not an appropriate baseline for comparison. As mentioned above, that was the nadir of the erosion of benefits era, when military pay was nearly 14% below private sector pay, currently serving members had suffered a major retirement cutback, older retirees and their families were being jettisoned from any military health coverage, disabled retirees and survivors were suffering dramatic financial penalties, and retention and readiness were suffering as a result. Congressional action (and spending) to fix those problems was a necessary thing, not a bad thing.
- No segment of the population has been called upon for more sacrifice than the military community. Currently serving military members have been asked to bear 100% of our nation's wartime sacrifice while the broader population was asked to contribute to the war effort by "going shopping."

- Retired servicemembers, their families and survivors also have been no stranger to sacrifice. Hundreds of thousands of today's retirees served in multiple wars, including Iraq and Afghanistan, Gulf War I, Vietnam, Korea, and WWII eras, and the multiple conflicts and cold wars in between. Older retirees endured years when the government provided them no military health coverage, and those under 65 already have forfeited an average 10% of earned retired pay because they retired under pay tables that were depressed by decades of capping military pay raises below private sector pay growth.
- There is a readiness element to military compensation decisions beyond the budgetary element. Regardless of good or bad budget times, a military career is a unique and arduous calling that cannot be equated to civilian employment. Sufficient numbers of high-quality personnel will choose to pursue a career in uniform only if they perceive that the extreme commitment demanded of them is reciprocated by a grateful nation, and the unique rewards for completing such a career are commensurate with the unique burden of sacrifice that they and their families are required to accept over the course of it.
- Military members' and families' sacrifices must not be taken for granted by assuming they will continue to serve and endure regardless of significant changes in their career incentive package.
- History shows clearly that there are unacceptable retention and readiness consequences for short-sighted budget decisions that cause servicemembers to believe their steadfast commitment to protecting their nation's interests is poorly reciprocated.

### **Cost-of-Living Adjustments (COLAs)**

The Fiscal Commission has proposed adjusting the Consumer Price Index (CPI) methodology to the so-called "chained CPI" calculation as a means of holding down COLA growth for military and federal civilian retired pay, Social Security and all other federal annuities over time.

Proponents of the chained CPI say it more accurately reflects changes in annuitants' cost of living by recognizing that their purchasing behavior changes as prices change. If the price of beef rises, for example, consumers may purchase more chicken and less beef.

The real issue with the chained CPI is whether one is measuring changes in prices or changes in quality of life. If one continues the logical progression of the argument, consumers might find themselves substituting hot dogs or pasta for chicken, etc.

The Bureau of Labor Statistics has estimated that implementation of the chained CPI would depress COLAs by about one-quarter of a percentage point per year.

The DoD actuary estimates that inflation will average 3 percent per year over the long term.

Using those two estimates, applying chained-CPI COLAs for a servicemember retiring at age 42 would yield about 10 percent less in his or her retired pay check at age 80 relative to the current COLA system.

Some members of the deficit commission previously have proposed delaying any COLAs on military retired pay until age 60 or later, barring COLAs on annuity levels above some set dollar amount, or reducing the CPI by one-half percent or a full percentage point per year.

The Coalition believes such initiatives would constitute a major breach of faith with military people and constitute a grossly disproportional penalty.

COLAs are particularly important to military retirees, disabled retirees, and survivors because they start drawing their annuities at younger ages than most other COLA-eligibles and thus experience the compounding effects over a greater number of years. To the extent that COLAs fail to keep up with living costs, real purchasing power continues to decline ever more dramatically as long as one lives.

***A top Coalition priority is to guard against any discriminatory treatment of retired members of the uniformed services compared to other Federal COLA-eligibles and to ensure continued fulfillment of congressional COLA intent "to provide every military retired member the same purchasing power of the retired pay to which he was entitled at the time of retirement [and ensure it is] not, at any time in the future...eroded by subsequent increases in consumer prices."***

## **Military Pay**

The Fiscal Commission's co-chairs proposed freezing "non-combat" military pay and allowances for three years.

The Coalition is grateful that the President exempted the uniformed services community from the FY2011 federal pay freeze, and thanks the Subcommittee for its consistent commitment to restoring and sustaining pay comparability with the private sector – a fundamental underpinning of the All-Volunteer Force.

History has shown that capping military raises is a slippery slope that has never ended well.

Throughout the 1980s and '90s, military pay raises were consistently capped below private sector pay growth, causing a "pay comparability gap" which reached 13.5% in 1998-99, and contributed significantly to serious retention problems.

Congress has made great strides in the intervening years paring the gap by approving military raises that have been at least .5% above private sector pay growth.

Now that significant progress has been made and the "erosion of pay and benefits" retention-related problems have abated, some have renewed calls to cut back on military raises, create a new comparability standard, or substitute more bonuses for pay raises in the interests of deficit reduction.

The Defense Department is advocating a new comparability standard under which each pay and longevity cell would represent the 70<sup>th</sup> percentile of compensation for similarly-educated civilians. A 2010 Congressional Budget Office report asserted that, considering adjustments in housing allowances, military people actually are paid 10% more than their civilian counterparts in terms of Regular Military

Compensation (RMC), composed of basic pay, food and housing allowances, and the tax advantage that accrues because the allowances are tax-free.

The Coalition believes these assertions are fundamentally flawed.

First, the RMC concept was developed in the 1960s, when all servicemembers received the same allowances, regardless of location, and the allowances were arbitrary figures that weren't actually based on anything. In the interim, Congress has transformed the allowances into reimbursements for actual food costs and median locality-based housing costs.

If one were to use the RMC comparability methodology in this scenario, basic pay – the largest element of military compensation and the one that drives retired pay – would become a “flex” compensation element. With tax rates and allowances figures set independently, a year in which average housing allowances rose (e.g., based on growth in high-cost areas) and taxes increased could actually yield a requirement to cut basic pay (and future retirement value) to restore comparability.

Second, the Coalition is not convinced that the civilian comparison cohort or percentile comparison points proposed by DoD are the proper ones, given that the military:

- Recruits from the top half of the civilian aptitude population;
- Finds that only about 25% of America's youth qualify for entry;
- Requires career-long education and training advancement; and
- Enforces a competitive “up-or-out” promotion system to ensure progressive quality enhancements among those with longer service.

A fundamental requirement for any pay comparability standard is that it should be transparent and understandable. The Coalition has asked for, but has never been provided by DoD, any data on what civilian comparison cohort was selected and why, and what rationale was used to establish a specific percentile comparison point.

Third, the Coalition believes it is essential to recognize that compensation is not simply the amount one is paid. It is pay divided by what's required of the recipient to earn that pay. If we increase pay 25% but require 100% more sacrifice to earn it, that's not a pay raise.

In that context, today's conditions of service are far more arduous than anything envisioned 40 years ago by the creators of the all-volunteer force, who believed a protracted war would require reinstatement of the draft.

The Coalition agrees with the approach the Subcommittee has consistently taken – that the best comparability measure is a comparison of the military basic pay raise percentage with the percentage growth private sector pay, as measured by the Bureau of Labor Statistics' Employment Cost Index (ECI).

The government uses the ECI for every other measure of private pay growth, and it's very transparent to government leaders and servicemembers alike.

The statutory ECI-based pay raise for 2012 is 1.6% – the second-smallest raise in nearly 50 years, exceeding only the 1.4% raise for 2011. The Coalition believes this is the least a grateful nation should do to acknowledge the continuing, extraordinary wartime sacrifices of currently serving members and families.

***The Coalition urges against short-sighted proposals to freeze or cap uniformed services pay raises below private sector pay growth, and recommends a 2012 raise of at least 1.6% to match ECI growth.***

## **Health Care Fees**

The Fiscal Commission embraced the concept put forth by the Defense Department in past years that TRICARE benefits for retired beneficiaries should be brought more in line with civilian coverage by significantly increasing fees for retired beneficiaries and family members under 65. While no specific fee increases were cited, the implication is that they envisioned fee levels similar to those proposed by the Defense Department in past years, which Congress rejected as excessive.

The Commission also recommended significant cutbacks in coverage by all Medicare supplements, including TRICARE For Life. Specifically, it proposed establishing a \$500 annual deductible and limiting coverage to 50% of the next \$5,000 after the deductible – effectively increasing annual out-of-pocket costs for TFL-eligibles by up to \$3,000 per person per year (\$6,000 for a married couple).

The Coalition appreciates the Subcommittee’s consistent support in recent years to protect beneficiaries from disproportional health care fee increases.

We continue to object strongly to simple comparisons of military vs. civilian cash fees, which we see as “apple to orange” comparisons that ignore most of the very great price career military members and families pay for their coverage in retirement.

The unique package of military retirement benefits – of which a key component is a superior health care benefit – is the primary offset provided uniformed service members for enduring a career of unique and extraordinary sacrifices that few Americans are willing to accept for one year, let alone 20 or 30. It is an unusual and essential compensation package which a grateful Nation provides to a relatively small fraction of the population who agree to subordinate their personal and family lives to protecting our national interests for so many years. This sacrifice, in a very real sense, constitutes a pre-paid premium for their future healthcare.

For all practical purposes, those who wear the uniform of their country are enrolled in a 20- to 30-year pre-payment plan that they must complete to earn lifetime health coverage. In this regard, military retirees and their families pay enormous “up-front” premiums for such coverage through decades of service and sacrifice. Once that pre-payment is already rendered, the government cannot simply ignore it and focus only on post-service cash payments – as if the past service, sacrifice, and commitments had no value.

DoD and the Nation – as good-faith employers of the trusting members from whom they demand such extraordinary commitment and sacrifice – have a reciprocal health care obligation to retired service members and their families and survivors that far exceeds any civilian employer’s.

The Coalition also believes the recent fee controversy is caused in part by the lack of any statutory record of the purpose of military health care benefits and the specific benefit levels earned by a career of service in uniform. Under current law, the Secretary of Defense has broad latitude to make administrative adjustments to fees for TRICARE Prime and the pharmacy systems. Absent congressional intervention, the Secretary can choose not to increase fees for years at a time or choose to quadruple fees in one year.

Until a few years ago, this was not a particular matter of concern, as no Secretary had previously proposed dramatic fee increases.

The experience of the recent past – during which several Secretaries proposed no increases and then a new Secretary proposed doubling, tripling, and quadrupling various fees – has convinced the Coalition that current law leaves military beneficiaries excessively vulnerable to the varying budgetary inclinations of the incumbent Secretary of Defense.

The Coalition believes the law should be changed to reflect that it should be Congress's responsibility, not the Defense Secretary's, to establish appropriate and stable parameters governing crucial career retention programs such as the healthcare package for currently serving and retired military members and their families and survivors.

The reciprocal obligation of the government to maintain an extraordinary benefit package to offset the extraordinary sacrifices of career military service members is a practical as well as moral obligation. Mid-career military losses cannot be replaced like civilians can.

Eroding benefits for career service can only undermine long-term retention/readiness. Today's service members are very aware of Congress' actions toward those who preceded them in service. One reason Congress enacted TRICARE For Life in 2000 is because the Joint Chiefs of Staff at that time said inadequate retiree health care was affecting attitudes among active duty service members.

It's true that many private sector employers are choosing to shift an ever-greater share of health care costs to their employees and retirees, and that's causing many still-working military retirees to fall back on their service-earned TRICARE coverage. Fallout from the recession has reinforced this trend.

In the bottom-line-oriented corporate world, many firms see their employees as merely another form of capital, from which maximum utility is to be extracted at minimum cost, and those who quit are replaceable by similarly experienced new hires. But that perception simply cannot exist in the culture of the military's all-volunteer force, whose long-term effectiveness is dependent on establishing a sense of mutual, long-term commitment between the service member and the nation.

The Coalition believes it's essential to bear other considerations in mind when considering the extent to which military beneficiaries should share in military health care costs.

First and foremost, the military health system is not built for the beneficiary, but to sustain military readiness. Each Service maintains its unique facilities and systems to meet its unique needs, and its primary mission is to sustain readiness by keeping a healthy force and to be able to treat casualties from

military actions. That model is built neither for cost efficiency nor beneficiary welfare. It's built for military readiness requirements.

When military forces deploy, the military medical force goes with them, and that forces families, retirees and survivors to use the more expensive civilian health care system in the absence of so many uniformed health care providers.

These military-unique requirements have significantly increased readiness costs. But those added costs were incurred for the convenience of the military, not for any beneficiary consideration, and beneficiaries should not be expected to bear any share of military-driven costs – particularly in wartime.

***Coalition member associations hold a diversity of views concerning the DoD-proposed TRICARE fee adjustments for FY2012.***

***However, the Coalition strongly objects to the DoD-proposed adjustment methodology that would tie TRICARE Prime fee increases for nondisabled military beneficiaries aged 38 to 64 in future years to an as-yet-unspecified measure of health cost growth for the broader population that DoD actuaries assume would grow at an average of 6.2% per year.***

***The Coalition believes that military beneficiaries from whom America has demanded decades of extraordinary service and sacrifice have earned coverage that is the best America has to offer, consistent with their extraordinarily high pre-paid premiums of decades of service and sacrifice.***

***Congress needs to protect military beneficiaries against dramatic budget-driven fluctuations in this vital element of service members' career compensation incentive package.***

***Reducing the value of TRICARE for Life by \$3,000 per year (\$6,000 for a couple) as recommended by the Deficit Commission would be inconsistent with military beneficiaries' sacrifices and would undermine Congress' intent when it authorized TFL in 2001 -- less than 10 years ago.***

***Reducing military retirement benefits would be particularly ill-advised when an overstressed force already is at increasing retention risk despite the current downturn of the economy and current recruiting successes.***

***TMC believes:***

- ***All retired service members earned equal health care coverage by virtue of their service.***
- ***Means-testing has no place in setting military health fees.***
- ***Congress should direct DoD to pursue any and all options to constrain the growth of health care spending in ways that do not disadvantage beneficiaries.***
- ***TRICARE Prime enrollment fees for nondisabled retirees under 65 should not be adjusted based on health cost increases for the broader population, as proposed by DoD.***
- ***It should be Congress's responsibility, not the Defense Secretary's, to establish appropriate and stable parameters governing crucial career retention programs such as the healthcare package for currently serving and retired military members and their families and survivors.***

**Military Retirement**

Although the Deficit Commission did not make specific recommendations to revamp the uniformed services retirement system, they did recommend creating yet another commission to develop initiatives aimed at bringing military retirement “more in line with standard practices from the private sector.”

The Coalition’s experience is that such efforts to “civilianize” the military retirement program and wring budget savings from it pose a significant threat to long-term retention and readiness by decreasing the attractiveness of serving for two or three decades in uniform, with all of the extraordinary demands and sacrifice inherent in such extended career service.

Too often, critics ignore the reality that uniformed service is fundamentally different from civilian employment, and a unique package of powerful incentives is essential to induce top-quality people to serve for 20 to 30 years under conditions the majority of Americans are unwilling to endure even for one term of service.

In this regard, the deficit commission suggests changes such as those recommended by the 10<sup>th</sup> Quadrennial Review of Military Compensation (QRMC), which the Coalition believes fail utterly to recognize the fundamental purpose of the military retirement system in offsetting service conditions that are radically more severe than those experienced by the civilian workforce.

The QRMC proposed converting the military retirement system to a civilian-style plan under which full retired pay wouldn’t be paid until age 57-60; vesting retirement benefits after 10 years of service; and using flexible “gate pays” and separation pay at certain points of service to encourage continued service in certain age groups or skills and encourage others to leave, depending on service needs for certain kinds of people at the time.

Reduced to its essence, this plan would take money from people who stay for a career in order to pay additional benefits to those who leave the military short of a career.

If this system were in place today, a 10-year infantryman facing his or her fourth combat tour would be offered a choice between (a) allowing immediate departure with a vested retirement vs. (b) continuing under current service conditions for another 10-20 years and having to wait until age 57 for immediate retired pay.

The Coalition believes strongly that, if such a system existed for today’s force under today’s service conditions, the military services would already be mired in a deep and traumatic retention crisis.

Further, the QRMC proposal is so complicated that people evaluating career decisions at the 4-to-10 year point would have no way to project their future military retirement benefits. Gate pays available at the beginning of a career could be cut back radically if the force happened to be undergoing a strength reduction later in a member’s career.

In contrast, the current military retirement system makes it very clear from the pay table what level of retired pay would be payable, depending how long one served and how well one progressed in grade.

The sustained drawing power of the 20-year retirement system provides an essential long-term moderating influence that keeps force managers from over-reacting to short-term circumstances. Had force planners had such a system in effect during the drawdown-oriented 1990s, the services would have been far less prepared for the post-9/11 wartime environment.

Many such proposals have been offered in the past, and have been discarded for good reasons. The only initiative to substantially curtail/delay military retired pay that was actually enacted – the 1986 REDUX law – had to be repealed 13 years later after it was demonstrated to inhibit retention.

***The Coalition strongly opposes initiatives that would “civilianize” the military retirement system and inadequately recognize the unique and extraordinary demands and sacrifices inherent in a military career.***

***Reducing incentives for serving arduous careers of 20 years or more can only undermine long-term retention and readiness, with particularly adverse effects in times of war. Simultaneously increasing compensation for those who choose to leave short of fulfilling a career would only compound those adverse effects.***

### **DoD Schools**

Last November, the plan endorsed by Fiscal Commission Co-Chairs Simpson and Bowles recommended closing DoD Dependent and Domestic Elementary and Secondary Schools (DDESS) and integrating the serviced children into local school districts to secure savings estimated at \$1.1 billion by 2015.

DDESS operates some 64 schools on 16 installations and services more than 26,000 students of military service members as well as DoD civilian employees.

The schools are provided at locations where civilian schools have been deemed inadequate to meet the needs of military students.

***The Coalition opposes closing or curtailing DoD dependent schools based primarily on budget concerns. The need for the schools should continue to be evaluated based on the capacity of local school districts to provide quality educational opportunities for military students.***

### **Consolidation of Commissaries and Exchanges**

In November, the plan endorsed by Fiscal Commission Co-Chairs Simpson and Bowles recommended consolidating all DoD retail activities and raising prices in those facilities to achieve expected savings of \$800M by 2015.

The Coalition has supported multiple previous initiatives to improve retail program efficiencies while recognizing there are unique service needs to be accommodated as well in operations of the exchange and MWR systems. Creation of the Defense Commissary Agency and consolidation of some “back room” functions among the service exchanges have been productive.

The key to the Coalition has been that the benefit to store patrons should not be reduced. Several past efforts to reduce the commissary subsidy have been rejected because they failed to recognize the extraordinary benefit value of this key program, which delivers several dollars in savings to patrons for each dollar of the federal subsidy. That's a very powerful "benefit bang for the federal buck."

Raising store prices can only lead to a counterproductive spiral of reduced benefit value, lower patronage, and eventual undermining of one of the Defense Department's most cost-effective benefit programs.

***The Coalition supports continuing efforts to improve commissary and exchange program efficiency, but objects to initiatives that reduce benefit value for patrons and the associated retention value for the uniformed services.***

### **Wounded Warrior Care**

As the Pentagon marks a decade at war, seamless transition between the Departments of Defense (DoD) and Veterans Affairs (VA) continues to be problematic in many cases for our wounded, ill, injured troops; disabled veterans; and their family caregivers. TMC acknowledges the significant progress that has been made in caring for our nation's heroes and thanks the Subcommittee for its leadership and oversight on these pressing issues, particularly in the last four years since the Walter Reed scandal that brought to light the flaws and inadequacies of both DoD and VA health care and benefits systems.

But complex challenges remain in overseeing and validating massive policy and program changes among the military services; the DoD; the VA; several Centers of Excellence; a multitude of civilian contractors and non-governmental agencies; and at least six congressional oversight committees.

The Coalition looks forward to continued work with the Subcommittee to address the remaining issues and fully establish systems of seamless care and benefits that support our transitioning wounded warriors and family members.

### **DoD – VA Seamless Transition**

**Institutional Oversight** – While many legislative changes have improved the care and support of our wounded warriors, the Coalition is concerned that the sunset in law of the DoD-VA Senior Oversight Committee (SOC) poses significant risks for effective day-to-day leadership and coordination of DoD and VA seamless transition efforts. While an informal SOC exists, the Pentagon has relegated responsibility and authority to lower levels of the agency, making it difficult for senior official involvement and oversight on these matters and limiting the Department's ability to fully establish a synchronized, uniform and seamless approach to care and services.

Previously, the Coalition has expressed concern that the change of Administration posed a significant challenge to the two departments' continuity of joint effort, as senior leaders whose personal involvement had put interdepartmental efforts back on track left their positions and were replaced by new appointees who had no experience with past problems and no personal stake in ongoing initiatives.

Unfortunately, those concerns were realized, as many appointive positions in both departments went unfilled for long periods, requiring reorganization of responsibilities and entry of new people with little or no background or authority to engage systems and continue to move forward.

While many well-meaning and hard working military and civilians are doing their best to keep pushing progress forward, leadership, organization and mission changes have left many leaders frustrated with the process.

***The Coalition urges joint hearings by the Armed Services and Veterans Affairs Committees to assess the effectiveness of current seamless transition oversight efforts and systems and to solicit views and recommendations from DoD, VA, the military services, and non-governmental organizations concerning how joint communication, cooperation, and oversight could be improved.***

***In addition, the hearings should focus on implementation progress concerning:***

- ***Single separation physical;***
- ***Single disability evaluation system;***
- ***Bi-directional electronic medical and personnel records data transfer;***
- ***Medical centers of excellence responsibilities vs. authority, operations, and research projects;***
- ***Coordination of care and treatment, including DoD-VA federal/recovery care coordinator clinical and non-clinical services and case management programs; and***
- ***Consolidated government agency support services, programs, and benefits.***

**Continuity of Health Care** – Transitioning between DoD and VA health care systems remains challenging and confusing to those trying to navigate and use these systems. Systemic, cultural, and bureaucratic barriers often prevent the service member or veteran from receiving the continuity of care they need to heal and have productive and a high level of quality of life they so desperately need and desire.

Service members and their families repeatedly tell us that DoD has done much to address trauma care, acute rehabilitation, and basic short-term rehabilitation. They are less satisfied with their transition from the military health care systems to longer-term care and support in military and VA medical systems.

We hear regularly from members who have experienced significant disruptions of care upon separation or medical retirement from service.

One is in the area of cognitive therapy, which is available to retired members under TRICARE only if it is not available through the VA. Unfortunately, members are caught in the middle because of differences between DoD and VA authorities on what constitutes cognitive therapy and the degree to which effective, evidenced-based therapy is available.

Action is needed to further protect the wounded and disabled. The Subcommittee has acted previously to authorize three years of active-duty-level TRICARE coverage for the family members of those who die on active duty. The Coalition believes we owe equal transition care continuity to those whose service-caused illnesses or injuries force their retirement from service.

***The Coalition recommends:***

- *Authorizing service-disabled members and their families to receive active-duty-level TRICARE benefits, independent of availability of VA care for three years after medical retirement to help ease their transition from DoD to VA.*
- *Ensuring Guard and Reserve members have adequate access and treatment in the DoD and VA health systems for Post Traumatic Stress Disorder and Traumatic Brain Injury following separation from active duty service in a theatre of operations.*

**DoD-VA Disability Evaluation System (DES)** – One of the most emotional issues that emerged from the Walter Reed scandal was the finding that services were “low-balling” disabled servicemembers’ disability ratings, with the result that many significantly disabled members were being separated and turned over to the VA rather than being medically retired (which requires a 30% or higher disability rating)—a trend that continues today, especially for those in the Guard and Reserves.

Congress has taken positive steps to address this situation, including establishment of the Physical Disability Board of Review (PDBR) to give previously separated servicemembers an opportunity to appeal too-low disability ratings.

A jointly executed DoD-VA DES pilot has been implemented and expanded, with positive feedback from participants that it has simplified the process and provided a more standardized disability rating outcome.

TMC was further encouraged that wounded, ill, and injured members would benefit from the Dec. 19, 2007 Under Secretary of Defense (Personnel and Readiness) Directive Type Memorandum (DTM) which added "deployability" as a consideration in the DES decision process – permitting medical separation/retirement based on a medical condition that renders a member non-deployable.

Unfortunately, several cases surfaced indicating the Services failed to incorporate the DTM in their DES process. In this regard, many members found “fit” by the PEB have been deemed by the service to be “unsuitable” for continued service – and administratively separated – because the member’s medical condition prevents them from being able to deploy or maintain their current occupational skill. The Coalition is grateful to the subcommittee for including a provision in the FY2011 Defense Authorization Act prohibiting this practice.

Unfortunately, some services still use other loopholes, such as designating disorders as “existing prior to service” – even though the member was deemed fit enough to serve in a combat zone. The Coalition believes strongly that once we have sent a soldier, sailor, airman or marine to war, the member should be given the benefit of the doubt that any condition subsequently found should not be considered as existing prior to service.

The Coalition believes strongly that all “unfitting” conditions members should be included in the DoD disability rating, and any member determined by the parent service to be 30 percent or more disabled should continue to be eligible for a military disability retirement with all attendant benefits, including lifetime TRICARE eligibility for the member and his/her family. We do not support efforts to disconnect health care eligibility from disability retired pay eligibility.

The Coalition also agrees with the opinion expressed by Secretary Gates that a member forced from service for wartime injuries should not be separated, but should be awarded a high enough rating to be retired for disability.

***The Coalition recommends:***

- ***Preserving the statutory 30 percent disability threshold for medical retirement in order to provide lifetime TRICARE coverage for those who are injured while on active duty.***
- ***Reforming the DoD disability retirement system to require inclusion of all unfitting conditions.***
- ***Ensuring any restructure of the DoD and VA disability and compensation systems does not inadvertently reduce compensation levels for disabled service members.***
- ***Eliminating distinctions between disabilities incurred in combat vs. non-combat when determining benefits eligibility for retirement.***
- ***Revision of the VA schedule for rating disabilities (VASRD) to improve the care and treatment of those wounded, ill and injured, especially those diagnosed with PTSD and TBI.***
- ***Barring designation of disabling conditions as “existing prior to service” for servicemembers who have been deployed to a combat zone.***

**Caregiver/Family Support Services** – The sad reality is that, for the most severely injured servicemembers, family members or other loved ones are often required to become full-time caregivers. Many have lost their jobs, homes, and savings in order to meet caregiver needs of a servicemember who has become incapacitated due to service-caused wounds, injuries or illness.

The Coalition believes the government has an obligation to provide reasonable compensation and training for such caregivers, who never dreamed that their own well-being, careers, and futures would be devastated by military-caused injuries to their servicemembers.

In 2009, the Subcommittee authorized a special payment to an active duty servicemember to allow compensation of a family member or professional caregiver. The authorized payment was in the same amount authorized by the VA for veterans’ aid-and-attendance needs, reflecting the Subcommittee’s thinking that caregiver compensation should be seamless when the member transitions from active duty to VA care, as long as the caregiver requirements remain the same.

The Coalition appreciates the Subcommittee’s effort to sustain that principle in the FY2011 Defense Authorization Act in terms of caregiver support, and urges additional steps to ensure that non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage are provided health and respite care while the injured member remains on active duty, commensurate with what the VA authorizes for medically retired or separated members’ caregivers.

In a similar vein, many wounded or otherwise-disabled members experience significant difficulty transitioning to medical retirement status. To assist in this process, consideration should be given to

authorizing medically retired members and their families to remain in on-base housing for up to one year after retirement, in the same way that families are allowed to do when a member dies on active duty.

Another important care continuity issue for the severely wounded, ill and injured is the failure to keep caregivers of these personnel involved in every step of the care and follow-up process. Again and again, we are told of clinicians and administrative people who seek to exclude caregiver participation and talk only to the injured member – despite the reality that the injured member may not be capable of remembering instructions or managing their appointments and courses of care. In many cases, this occurs even when the caregiver has a power of attorney and other responsibilities documented in the member’s records.

Just as Congress, DoD and the VA have worked to get essential information to the wounded and their caregivers, similar efforts are urgently needed to educate medical providers and administrative staff at all levels that the final responsibility for ensuring execution of prescribed regimens of care for severely injured members typically rests with the caregivers, who must be kept involved and informed on all aspects of such members’ treatment, appointments, and evaluations.

*The Coalition recommends:*

- *Providing enhanced training of DoD and VA medical and support staff on the vital importance of involving and informing designated caregivers in treatment of and communication with severely ill and injured personnel.*
- *Providing health and respite care for non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage while the injured member remains on active duty, commensurate with what the VA authorizes for medically retired or separated members’ caregivers.*
- *Authorizing up to one year of continued residence in on-base housing facilities for medically retired, severely wounded servicemembers and their families.*

**Active Forces and Their Families**

In our overview, the Coalition expressed our collective concern over the stressors our service members and their families are experiencing due to the long, repeated deployments and unrelenting operations tempo. In order to sustain a sufficient, highly trained and highly capable active force, the continuing overriding requirement is to find additional ways to ease the terrible burden of stress on servicemembers and their families.

**Military End Strength** – Increased end strength is the only effective way to reduce stress on forces and families as long as deployment requirements not only continue, but actually increase.

The creators of the all-volunteer force never envisioned that the force would be deployed into combat one year out of three – let alone every other year, as has been the case with many ground units.

Regrettably, the scenario faced by today's forces is not unlike the World War II "Catch-22" situation described by Joseph Heller, in which aircrews braving horrendous enemy flak had their wartime mission requirements increased again and again, until they perceived that the sacrifices being demanded of them would never end.

Unfortunately, many in government and among the public seem to have become desensitized to the truly terrible sacrifices that the current mismatch between missions and force levels has already imposed on those in uniform. They acknowledge the problem, but most assume that servicemembers and families will simply continue to accept these – or even greater – levels of sacrifice indefinitely.

Many point to the achievement of service recruiting and retention goals as indicators that all is well.

Such perceptions grossly underestimate the current stresses on the force and the risk that poses for readiness and national security. The Coalition believes any complacency about retention is sadly misplaced, and that the status of the current force should be viewed in the context of a rubber band that has been stretched to its limit. The fact that it has not yet broken is of little comfort.

Well-respected studies have shown that 20 to 30 percent of combat returnees have experienced PTSD, TBI, or depression, and that the likelihood of a servicemember returning as a changed person rises with each subsequent deployment. Other studies have shown that rising cumulative family separations are having significant negative effects on servicemembers' children.

These are not mere academic exercises. They are hard facts of life to those actually experiencing them.

A far truer, and truly tragic, indicator of these extremely troubling circumstances has been the significant rise in servicemembers' suicide rates.

So the Coalition is very grateful for the subcommittee's support for end strength increases for all services in the FY2010 Defense Authorization Act, and for fending off the efforts of those who proposed cutting force levels to fund hardware needs.

But we must not understate the reality that the increases approved to date will not significantly improve dwell time for military families anytime in the near future, given increasing operational requirements in Afghanistan, and recurring demands for humanitarian relief for natural and other disasters around the globe, whether in foreign lands or on home soil.

***The Coalition urges the Subcommittee to:***

- ***Sustain or increase end strength as needed to sustain the war and other operational requirements and enhance dwell time for servicemembers and families; and***
- ***Sustain adequate recruiting and retention resources to enable the uniformed services to achieve required optimum-quality personnel strength.***

**Family Readiness and Support** – A fully funded, robust family readiness program continues to be crucial to overall readiness of our military, especially with the demands of frequent and extended deployments.

Resource issues continue to plague basic installation support programs. At a time when families are dealing with increased deployments, they often are being asked to do without in other important areas. We are grateful that the Subcommittee included a provision in last year's defense bill that will help improve family readiness and support through greater outreach. The Department's establishment of a comprehensive benefits website for servicemembers and their families will help provide virtual assistance regardless of their physical proximity to installation-supported networks.

Additionally, we urge the Subcommittee to continue to press the Defense Department to exercise their authority to establish flexible spending accounts (FSAs) for servicemembers so they can participate in the same pre-tax program available to all other federal employees for their out-of-pocket health and dependent care expenses.

Quality education is a top priority for military families. Servicemembers are assigned all across the United States and the world. Providing appropriate and timely funding of Impact Aid through the Department of Education is critical to ensuring quality education military children deserve, regardless of where they live.

*The Coalition recommends that the Subcommittee:*

- *Encourage DoD to assess the effectiveness of programs and support mechanisms designed to assist military members and their families with deployment readiness, responsiveness, and reintegration.*
- *Fully fund effective programs and ensure their costs are included in the annual budget process.*
- *Expand child care availability and funding to meet the needs of the total force uniformed services community.*
- *Monitor and continue to expand family access to mental health counseling.*
- *Promote expanded opportunities for military spouses to further educational and career goals, such as the My Career Advancement Account (MyCAA) program.*
- *Promote implementation of flexible spending accounts to enable military families to pay health care and child care expenses with pre-tax dollars.*

**Permanent Change of Station (PCS) Allowances** – It's an unfortunate fact that servicemembers and their families are forced to incur significant out-of-pocket expenses when complying with government-directed moves.

For example, the current Monetary Allowance in Lieu of Transportation (MALT) rate used for PCS moves still fall significantly short of meeting members' actual travel costs. The current rate of 24 cents

per mile is less than half the 51 cents per mile authorized for temporary duty travel. Also, military members must make any advance house-hunting trips at personal expense, without any government reimbursements such as federal civilians receive.

DoD states that the MALT rate was not intended to reimburse servicemembers for travel by automobile, but simply a payment in lieu of providing transportation in-kind.

The Coalition believes strongly that the MALT concept is an outdated one, having been designed for a conscripted, single, non-mobile force.

Travel reimbursements should be adjusted to reflect the reality that today's all-volunteer servicemembers do, in fact, own cars and that it is unreasonable not to reimburse them for the cost of driving to their next duty stations in conjunction with PCS orders.

Simply put, PCS travel is no less government-ordered than is TDY travel, and there is simply no justification for paying less than half the TDY travel rate when personal vehicle use is essential.

Additionally, the government should acknowledge that reassigning married servicemembers within the United States (including overseas locations) usually requires relocation of two personal vehicles. In that regard, the overwhelming majority of service families consist of two working spouses, making two privately owned vehicles a necessity. Yet the military pays for shipment of only one vehicle on overseas moves, including moves to Hawaii and Alaska, which forces relocating families into large out-of-pocket expenses, either by shipping a second vehicle at their own expense or selling one car before leaving the states and buying another upon arrival.

At a minimum, the Coalition believes military families being relocated to Alaska, Hawaii, and U.S. territories should be authorized to ship a second personal vehicle, as the Subcommittee has rightly supported in the past.

***The Coalition recommends the Subcommittee:***

- ***Further modify the PCS weight allowance tables for personnel in pay grades E-7, E-8, and E-9 to coincide with allowances for officers in grades O-4, O-5, and O-6 respectively. While these allowances were increased slightly in the FY 2010 NDAA for E-5 through E-9 personnel, the personal property weight for a senior E-9 enlisted leader without dependents remains the same as for a single O-3, despite the normal accumulation of household goods over the course of a career.***
- ***Authorize shipment of a second privately-owned vehicle at government expense to Alaska, Hawaii, and U.S. territories.***
- ***Authorize reimbursement of house-hunting expenses commensurate with programs now supporting federal civilian personnel.***
- ***Authorize payment of a dislocation allowance to service members making their final change of station upon retirement from the uniformed services.***

- *Increase PCS mileage rates to more accurately reflect actual transportation costs.*

### **National Guard and Reserve**

Over 91,000 Guard and Reserve service men and women are serving on active duty (as of January 2011).

Since Sept. 11, 2001, more than 793,853 Guard and Reserve service members have been called up, including over 250,000 who have served multiple tours. There is no precedent in American history for this sustained reliance on citizen-soldiers and their families. To their credit, Guard and Reserve combat veterans continue to reenlist, but the ongoing pace of routine, recurring activations and deployments cannot be sustained indefinitely.

Guard and Reserve members and families face unique challenges in their readjustment following active duty service. Unlike active duty personnel, many Guard and Reserve members return to employers who question their contributions in the civilian workplace, especially as multiple deployments have become the norm. Many Guard-Reserve troops return with varying degrees of combat-related injuries and stress disorders, and encounter additional difficulties after they return that can cost them their jobs, careers and families.

Despite the continuing efforts of the Services and Congress, most Guard and Reserve families do not have access to the same level of counseling and support that active duty members have. In short, the Reserve components face increasing challenges virtually across the board, including major equipment shortages, end-strength requirements, wounded-warrior health care, and pre- and post-deployment assistance and counseling.

**Operational Reserve Retention and Retirement Reform** – Congress took the first step in modernizing the reserve compensation system with enactment of early retirement eligibility for certain reservists activated for at least 90 continuous days served since January 28, 2008. This change validates the principle that compensation should keep pace with service expectations and serve as an inducement to retention and sustainment of the operational reserve force.

Guard/Reserve mission increases and a smaller active duty force mean Guard/Reserve members must devote a much more substantial portion of their working lives to military service than ever envisioned when the current retirement system was developed in 1948.

Repeated, extended activations make it more difficult to sustain a full civilian career and impede Reservists' ability to build a full civilian retirement, 401(k), etc. Regardless of statutory protections, periodic long-term absences from the civilian workplace can only limit Guard/Reserve members' upward mobility, employability and financial security. Further, strengthening the reserve retirement system will serve as an incentive to retaining critical mid-career officers and NCOs for continued service and thereby enhance readiness.

As a minimum, the next step in modernizing the reserve retirement system is to provide equal retirement-age-reduction credit for all activated service rendered since Sept. 11, 2001. The current law that credits only active service since January 28, 2008 disenfranchises and devalues the service of

hundreds of thousands of Guard/Reserve members who served combat tours (multiple tours, in thousands of cases) between 2001 and 2008.

The statute also must be amended to eliminate the inequity inherent in the current fiscal year retirement calculation, which only credits 90 days of active service for early retirement purposes if it occurs within the same fiscal year. The current rule significantly penalizes members who deploy in July or August vs. those deploying earlier in the fiscal year.

It is patently unfair, as the current law requires, to give three months retirement age credit for a 90-day tour served from January through March, but only half credit for a 120-day tour served from August through November (because the latter covers 60 days in each of two fiscal years).

In addition, the law-change authorizing early reserve retirement credit for qualifying active duty served after 28 Jan 2008 severed eligibility for TRICARE coverage until the reservist reaches age 60.

***TMC recommends:***

- ***Authorizing early retirement credit to all Guard and Reserve members who have served on active duty tours of at least 90 days retroactive to September 11, 2001.***
- ***Eliminating the fiscal year limitation which effectively denies full early retirement credit for active duty tours that span the Oct 1 start date of a fiscal year.***
- ***Modernizing the reserve retirement system to incentivize continued service beyond 20 years and provide fair recognition of increased requirements for active duty service.***

**Guard and Reserve Health Care Access Options** – The Coalition is very grateful for sustained progress in providing reservists' families a continuum of government-sponsored health care coverage options throughout their military careers into retirement, but key gaps remain.

For years, TMC has recommended continuous government health care coverage options for Guard and Reserve (G-R) families. Operational reserve policy during two protracted wars has only magnified that need.

DoD took the first step in the 1990s by establishing a policy to pay the Federal Health Benefits Program (FEHB) premiums for G-R employees of the Department during periods of their active duty service.

Thanks to this subcommittee's efforts, considerable additional progress has been made in subsequent years to provide at least some form of military health coverage at each stage of a Reserve Component member's life, including:

- TRICARE Reserve Select (TRS) for actively drilling Guard and Reserve families, with premiums set at 28% of the actual program cost. The 2011 monthly premiums are \$53.16 for individual reservists in drill status and \$197.76 for member-and-family coverage.

- TRICARE Retired Reserve (TRR) for “gray area” reservists who have retired from active drilling status but have not yet attained age 60, with premiums set to cover 100% of program cost. Rates for 2011 are \$408.01 for member-only coverage, or \$1020.05 for TRR member-and-family coverage.
- TRICARE Standard/Prime for retired reservists with 20 or more years of qualifying service, once they attain age 60 and retired pay eligibility.
- TRICARE for Life as second-payer to Medicare for career reservists with 20 or more years of qualifying service at age 65, provided they enroll in Medicare Part B.

However, as noted earlier in this statement, early Reserve retirees who are in receipt of non-regular retired pay before age 60 are ineligible for TRICARE.

TMC continues to support closing the remaining gaps to establish a continuum of health coverage for operational reserve families, including members of the Individual Ready Reserve subject to call-up.

*The Coalition recommends:*

- *Requiring DoD to justify the sevenfold increase in TRICARE rates for individual TRR premiums for reservists who immediately enroll in TRR upon retirement from the Selected Reserve and have TRS coverage until separation.*
- *Authorizing TRICARE for early Reserve retirees who are in receipt of retired pay prior to age 60*
- *Permitting employers to pay TRS premiums for reservist-employees as a bottom-line incentive for hiring and retaining them.*
- *Authorizing an option for the government to subsidize continuation of a civilian employer’s family coverage during periods of activation, similar to FEHBP coverage for activated Guard-Reserve employees of Federal agencies.*
- *Extending corrective dental care following return from a call-up to ensure G-R members meet dental readiness standards.*
- *Allowing eligibility in Continued Health Care Benefits Program (CHCBP) for Selected Reservists who are voluntarily separating and subject to disenrollment from TRS.*
- *Allowing beneficiaries of the FEHBP who are Selected Reservists the option of participating in TRICARE Reserve Select.*

**Yellow Ribbon Reintegration Program** – Congress has provided increased resources to support the transition of warrior-citizens back into the community. But program execution remains spotty from state to state and falls short for returning Federal Reserve warriors in widely dispersed regional commands. Military and civilian leaders at all levels must improve the coordination and delivery of services for the entire operational reserve force. Many communities are eager to provide support and do

it well. But Yellow Ribbon efforts in a number of locations amount to little more than PowerPoint slides and little or no actual implementation.

DoD must ensure that state-level best practices – such as those in Maryland, Minnesota and New Hampshire – are applied for all operational reserve force members and their families, and that Federal Reserve veterans have equal access to services and support available to National Guard veterans. Community groups, employers and service organization efforts need to be encouraged and better coordinated to supplement unit, component, Service and VA outreach and services.

***The Military Coalition urges the Subcommittee to hold oversight hearings and direct additional improvements in coordination, collaboration and consistency of Yellow Ribbon services between states.***

**Reserve Compensation System** – The increasing demands of qualifications, mental skills, physical fitness, and training readiness on the Guard and Reserve to perform national security missions at home and abroad and increased training requirements indicate that the compensation system needs to be improved to attract and retain individuals into the Guard/Reserve. The added responsibility of returning to active duty multiple times over the course of a reserve career require improvements to the compensation package and to make it more equitable with the active component.

***TMC recommends:***

- ***Crediting all inactive duty training points earned annually toward reserve retirement.***
- ***Parity in special incentive pay for career enlisted/officer special aviation incentive pay, diving special duty pay, and pro-pay for reserve component medical professionals.***
- ***Authorizing recalculation of retirement points after 1 year of mobilization. A recent law change allowed certain flag and general officers to recalculate retirement pay after one year of mobilization. TMC believes this opportunity should be made available to all ranks.***

**Guard/Reserve GI Bill** – The Coalition is most grateful to Congress for passage of the Post-9/11 GI Bill. The Post 9-11 GI Bill incorporates a number of major Coalition goals for the GI Bill including benefits that match the cost of education, extension of the post-service usage period to 15 years, and cumulative credit for Guard-Reserve service on active duty. However, volunteers who join the Selected Reserve were left behind in this legislation.

Benefits for joining the Selected Reserve were not upgraded or integrated in the Post-9/11 GI Bill as TMC has long recommended. Moreover, these benefits are not just about the principle of “proportional equity” but also are essential to successful recruitment programs for the Guard and Reserve.

***TMC recommends:***

- ***Restoring basic reserve MGIB benefits for initially joining the Selected Reserve to the historic benchmark of 47-50% of active duty benefits.***

- *Integrating reserve and active duty MGIB laws in Title 38.*
- *Enacting academic protections for mobilized Guard and Reserve students, including refund guarantees and exemption of Federal student loan payments during activation.*

**Guard/Reserve Family Support Programs** – We have seen considerable progress in outreach programs and services for returning Guard-Reserve warriors and their families. Family support programs promote better communication with service members. Specialized support and training for geographically separated Guard and Reserve families and volunteers are needed.

*TMC recommends:*

- *Ensuring programs are in place to meet the special information and support needs of families of individual augmentees or those who are geographically dispersed.*
- *Funding joint programs among military and community leaders to support service members and families during all phases of deployments.*
- *Providing preventive counseling services for service members and families and training so they know when to seek professional help related to their circumstances.*
- *Authorizing and funding child care, including respite care, family readiness group meetings and drill time.*
- *Improving the joint family readiness program to facilitate understanding and sharing of information between all family members.*

### **Health Care**

**TRICARE Reimbursement Rates** – Physicians consistently report that TRICARE is virtually the lowest-paying insurance plan in America. Other national plans typically pay providers 25-33% more. In some cases the difference is even higher.

While TRICARE rates are tied to Medicare rates, TRICARE Managed Care Support Contractors make concerted efforts to persuade providers to participate in TRICARE Prime networks at a further discounted rate. Since this is the only information providers receive about TRICARE, they see TRICARE as lower-paying than Medicare.

This is exacerbated by annual threats of further reductions in TRICARE rates due to the statutory Medicare rate-setting formula.

In this regard, unless Congress acts before the end of the year, current law will force a 30% reduction in Medicare and TRICARE payments as of January 1, 2012, which would cause many providers to stop seeing military beneficiaries.

***TMC urges reversal of the 30% cut in Medicare/TRICARE payments scheduled for January 2012 and a permanent fix for the flawed formula that mandates these recurring annual threats to seniors' and military beneficiaries' health care access.***

**TRICARE Cost Efficiency Options** – TMC continues to believe strongly that DoD has not sufficiently investigated options to make TRICARE more cost-efficient without shifting costs to beneficiaries. The Coalition has offered for several years a long list of alternative cost-saving possibilities, including:

- Positive incentives to encourage beneficiaries to seek care in the most appropriate and cost effective venue;
- Encouraging improved collaboration between the direct and purchased care systems and implementing best business practices and effective quality clinical models;
- Focusing the military health system, health care providers, and beneficiaries on quality measured outcomes;
- Improving MHS financial controls and avoiding overseas fraud by establishing TRICARE networks in areas fraught with fraud;
- Promoting retention of other health insurance by making TRICARE a true second-payer to other insurance (far cheaper to pay another insurance's co-pay than have the beneficiary migrate to TRICARE);
- Encouraging DoD to effectively utilize data from their electronic health records to better monitor beneficiary utilization patterns to design programs which truly match beneficiaries needs;
- Sizing and staffing military treatment facilities to reduce reliance on network providers and develop effective staffing models which support enrolled capacities;
- Reducing long-term TRICARE Reserve Select (TRS) costs by allowing service members the option of a government subsidy of civilian employer premiums during periods of mobilization;
- Working more closely with the Coalition to better incorporate beneficiary perspectives in encouraging use of mail-order pharmacy system and formulary medications; and
- Encouraging retirees to use lowest-cost-venue military pharmacies at no charge, rather than discouraging such use by limiting formularies, curtailing courier initiatives, etc.

The Coalition is pleased that DoD has begun to act on some of these suggestions. We hope for further action to jointly pursue these and other options that offer potential for reducing costs.

**TRICARE Prime** – The Coalition is very concerned about growing dissatisfaction among TRICARE Prime enrollees – which is actually higher among active duty families than among retired families. The dissatisfaction arises from increasing difficulties experienced by beneficiaries in getting appointments, referrals to specialists, and sustaining continuity of care from specific providers.

Increasingly, beneficiaries with a primary care manager in a military treatment facility find they are unable to get appointments because so many providers have deployed, have been gone PCS, or are otherwise understaffed or unavailable.

The Coalition supports implementation of a pilot study by TMA in each of the three TRICARE Regions to study the efficacy of revitalizing the resource sharing program used prior to the implementation of the TRICARE-The Next Generation (T-NEX) contracts under the current Managed Care Support contract program.

The Coalition supports adoption of the “Medical Home” patient-centered model to help ease such problems.

The Coalition strongly advocates the transparency of healthcare information via the patient electronic record between both the MTF provider and network providers. Additionally, institutional and provider healthcare quality information should be available to all beneficiaries so that they can make better informed decisions.

We are concerned about the impact on beneficiaries of the elimination of some Prime service areas under the new contract. This will entail a substantive change in health care delivery for thousands of beneficiaries, may require many to find new providers, and will change the support system for beneficiaries who have difficulty accessing care.

To date, largely because of the delay in award of the new contracts, beneficiaries who live in the areas where Prime service will be terminated have not received any information on this and how it may affect them.

*The Military Coalition urges the Subcommittee to:*

- *Require reports from DoD and the managed care support contractors on actions being taken to improve Prime patient satisfaction, provide assured appointments within Prime access standards, reduce delays in preauthorization and referral appointments, and provide quality information to assist beneficiaries in making informed decisions.*
- *Require increased DoD efforts to ensure consistency between both the MTFs and purchased care sectors in meeting Prime access standards.*
- *Ensure timely notification of and support for beneficiaries affected by elimination of Prime service areas.*

**TRICARE Standard** – The Coalition appreciates the Subcommittee’s continuing interest in the specific problems unique to TRICARE Standard beneficiaries. TRICARE Standard beneficiaries need assistance in finding participating providers within a reasonable time and distance from their home. This is particularly important with the expansion of TRICARE Reserve Select and the upcoming change in the Prime Service Areas, which will place thousands more beneficiaries into TRICARE Standard.

The Coalition is concerned that DoD has not yet established benchmarks for adequacy of provider participation, as required by section 711(a)(2) of the FY2008 NDAA. Participation by half of the providers in a locality may suffice if there is not a large Standard beneficiary population, but could severely constrain access in other areas with higher beneficiary density. The Coalition hopes to see an objective participation standard (perhaps based on the number of beneficiaries per provider) that would help shed more light on which locations have participation shortfalls of Primary Care Managers and Specialists that require positive action.

The Coalition continues to oppose initiatives that would establish an enrollment fee for TRICARE Standard. If a beneficiary is to be required to pay an enrollment fee, the beneficiary should gain some additional benefit from enrollment. TRICARE Prime features an enrollment fee, but in return offers guaranteed access to care. In contrast, Standard offers no such guaranteed access, and beneficiaries typically are on their own in finding a participating provider who is accepting new patients.

A source of recurring concern is the TRICARE Standard inpatient copay for retired members, which now stands at \$535 per day. For each of the last several years, Congress has had to insert a special provision in the Defense Authorization Act to preclude increasing that by another \$115 per day or more. The Coalition believes the \$535 per day amount already is excessive, and should be capped at that rate for the foreseeable future.

*The Coalition urges the Subcommittee to:*

- *Insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation.*
- *Require a specific report on participation adequacy in the localities where Prime Service Areas will be discontinued under the new TRICARE contracts.*
- *Oppose establishment of a TRICARE Standard enrollment fee, since Standard does not entail any guaranteed access to care.*
- *Increase locator support to TRICARE Standard beneficiaries seeking providers who will accept new Standard patients, particularly for mental health specialties.*
- *Seek legislation to eliminate the limit when TRICARE Standard is second payer to other health insurance (OHI): e.g., return to the policy where TRICARE pays up to the amount it would have paid, had there been no OHI.*
- *Bar any further increase in the TRICARE Standard inpatient copay for the foreseeable future.*

**TRICARE For Life (TFL)** – When Congress enacted TFL in 2000, it explicitly recognized that this coverage was fully earned by career service members’ decades of sacrifice, and that the Medicare Part B premium would serve as the cash portion of the beneficiary premium payment. The Coalition believes that this remains true today.

Some have proposed establishing an enrollment fee for TFL. The Coalition believes this is inappropriate, since beneficiaries have no guarantee of access to Medicare-participating providers.

The Coalition is aware of the challenges imposed by Congress' mandatory spending rules, and appreciates the Subcommittee's efforts to include TFL-eligibles in the preventive care pilot programs included in the FY2009 NDAA. We believe their inclusion would, in fact, save the government money and hope the Subcommittee will be able to find a more certain way to include them than the current discretionary authority, which DoD has declined to implement.

The Coalition also hopes the subcommittee can find a way to resolve the discrepancy between Medicare and TRICARE treatment of medications such as the shingles vaccine, which Medicare covers under pharmacy benefits and TRICARE covers under doctor visits. This mismatch, which requires TFL patients to absorb the cost in a TRICARE deductible or purchase duplicative Part D coverage, deters beneficiaries from seeking this preventive medication.

*The Coalition urges the Subcommittee to:*

- *Resist initiatives to establish an enrollment fee for TFL, given that many beneficiaries already experience difficulties finding providers who will accept Medicare patients.*
- *Seek ways to include TFL beneficiaries in DoD programs to incentivize compliance with preventive care and healthy lifestyles.*
- *Resolve the discrepancy between TRICARE and Medicare treatment of the shingles vaccine.*

**Survivors' Coverage** – When a TRICARE-eligible widow/widower remarries, he/she loses TRICARE benefits. When that individual's second marriage ends in death or divorce, the individual has eligibility restored for military ID card benefits, including SBP coverage, commissary/exchange privileges, etc. – with the sole exception that TRICARE eligibility is not restored.

This is out of line with other federal health program practices, such as the restoration of CHAMPVA eligibility for survivors of veterans who died of service-connected causes. In those cases, VA survivor benefits and health care are restored upon termination of the remarriage. Remarried surviving spouses deserve equal treatment.

*The Coalition recommends restoration of TRICARE benefits to previously eligible survivors whose second or subsequent marriage ends in death or divorce.*

**Pharmacy** – The Coalition supports a strong TRICARE pharmacy benefit which is affordable and continues to meet the pharmaceutical needs of millions of eligible beneficiaries through proper education and trust. The TMC will oppose any degradation of current pharmacy benefits, including any effort to charge fees or copayments for use of military treatment facilities.

The Coalition notes that due to continued legal maneuvering, federal pricing still has not been implemented by the Executive Branch, and this failure is costing DoD tens of millions of dollars with every passing month. This is an excellent example of why the Coalition objects to basing beneficiary

fees on a percentage of DoD costs – because DoD all-too-frequently does not act, or is not allowed to act, in a prudent way to hold costs down.

The Coalition has volunteered to conduct a joint campaign with DoD to promote beneficiary use of lower-cost medications and distribution venues – a “win-win” opportunity that will reduce costs for beneficiaries and the government alike. But this will require additional consultation with the Coalition to ensure DoD communications effectively address legitimate beneficiary concerns that now inhibit increased participation.

The Coalition also believes that positive incentives are the best way to encourage beneficiaries to continue medication regimens that are proven to hold down long-term health costs. In this regard, TMC believes eliminating copays for medications to control chronic conditions (e.g., diabetes, asthma, high blood pressure, and cholesterol) are more effective than negative ones such as copayment increases.

*The Coalition urges the Subcommittee to:*

- *Advance the use of the mail order option by lowering or waiving copays, enhancing communication with beneficiaries, and using technological advances to ease initial sign-up.*
- *Require DoD to include alternate packaging methods for pharmaceuticals to enable nursing home, assisted living, and hospice care beneficiaries to utilize the pharmacy program. Packaging options should additionally include beneficiaries living at home who would benefit from this program because of their medical condition (for example beginning stages of Alzheimer’s).*
- *Create incentives to hold down long-term health costs by eliminating copays for medications for chronic conditions, such as asthma, diabetes, and hypertension or keeping copays at the lowest level regardless of drug status, brand or generic.*

### **Retiree Issues**

The Military Coalition remains grateful to the Subcommittee for its support of maintaining a strong military retirement system to help offset the extraordinary demands and sacrifices inherent in a career of uniformed service.

**Concurrent Receipt** – In the FY2003 and FY2004 NDAA, Congress acknowledged the inequity of the disability offset to earned retired pay and established a process to end or phase out the offset for many disabled retirees. The Coalition is extremely grateful with the Subcommittee’s efforts to continue progress in easing the adverse effects of the offset.

We were very optimistic in 2009 that another very deserving group of disabled retirees would become eligible for concurrent receipt when the White House included a concurrent receipt proposal in the Budget Resolution – the first time in history any Administration had ever proposed such a fix.

The Administration’s proposal would expand concurrent receipt eligibility over a five year period to all those forced to retire early from Service due to a disability, injury, or illness that was service-connected (chapter 61 retirees).

The Coalition is dismayed that, despite the Subcommittee's leadership efforts and White House support, the provision has not yet been enacted – an extremely disappointing outcome for a most deserving group of disabled retirees.

Our fervent hope is that the Subcommittee will redouble its efforts to authorize this initiative for the FY2012 Defense Authorization bill.

Additionally, the Coalition is concerned that an inadvertent problem exists in the statutory Combat-Related Special Compensation (CRSC) computation formula causes many seriously disabled and clearly eligible members to receive little or nothing in the way of CRSC. The Defense Department has acknowledged the problem in discussions with the Subcommittee staff, and the Coalition urges the Subcommittee to correct this technical problem.

The Coalition believes strongly in the principle that career military members earn their retired pay by service alone, and that those unfortunate enough to suffer a service-caused disability in the process should have any VA disability compensation from the VA added to, not subtracted from, their service-earned military retired pay and this remains a key goal in 2011.

*The Coalition's continuing goal is to fully eliminate the deduction of VA disability compensation from earned military retired pay for all disabled retirees. In pursuit of that goal, the Coalition's immediate priorities include:*

- *Phasing out the VA disability offset for all chapter 61 (disability) retirees, as previously endorsed by the President and the Subcommittee;*
- *Clarifying the law to resolve technical disparities that inadvertently cause underpayment of certain eligibles for Combat Related Special Compensation (CRSC); and,*
- *Clarifying the law to ensure a disabled retiree's CRSC payment is not reduced when the retiree's VA disability rating increases, until the retiree is afforded the opportunity to elect between CRSC or CRDP.*

**Disability Severance Pay** – The Coalition is grateful for the Subcommittee's inclusion of a provision in the FY08 NDAA that ended the VA compensation offset of a service member's disability severance for people injured in the combat zone.

However, we are concerned that the language of this provision imposes much stricter eligibility than that used for Combat-Related Special Compensation.

*The Coalition recommends:*

- *Further expanding eligibility to include all combat-related injuries, using the same definition as CRSC; and*

- *Expanding eligibility to include all service-connected disabilities, consistent with TMC view that there should not be a distinction between the treatment of members disabled in combat vice members with non-combat, service-caused disabilities.*

**Former Spouse Issues** – For a decade, the recommendations of the Defense Department’s September 2001 report to Congress on the Uniformed Services Former Spouse Protection Act (USFSPA) have gone nowhere. For several years, DoD submitted many of the report’s recommendations annually to Congress only to have one or two supported by the Subcommittee while many others were dropped.

The USFSPA is a very emotional topic with two distinct sides to the issue – just as any divorce has two distinct parties affected. The Coalition believes strongly that there are several inequities in the Act that need to be addressed and corrected that could benefit both affected parties – the servicemember and the former spouse.

But in order to make progress, we believe Congress cannot piecemeal DoD’s recommendations. We support a collective grouping of legislation that would provide benefit to both affected parties. Absent this approach, the legislation will be perceived as supporting one party over the other and go nowhere.

To fairly address the problems with the Act, all affected parties need to be heard – and the Coalition would greatly appreciate the opportunity to address the inequities in a hearing before the Subcommittee.

*The Coalition supports legislative action to:*

- *Base the award amount to the former spouse on the grade and years of service of the member at time of divorce (not time of retirement);*
- *Prohibit the award of imputed income while on active duty, which effectively forces active duty members into retirement;*
- *Extend 20/20/20 benefits to 20/20/15 former spouses;*
- *Permit the designation of multiple Survivor Benefit Plan (SBP) beneficiaries with the presumption that SBP benefits must be proportionate to the allocation of retired pay;*
- *Eliminate the "10-year Rule" for the direct payment of retired pay allocations by the Defense Finance and Accounting Service (DFAS);*
- *Permit SBP premiums to be withheld from the former spouse's share of retired pay if directed by court order;*
- *Permit a former spouse to waive SBP coverage;*
- *Repeal the one-year deemed election requirement for SBP; and*
- *Assist the DoD and Services with greater outreach and expanded awareness to members and former spouses of their rights, responsibilities, and benefits upon divorce.*

## Survivor Issues

The Coalition is grateful to the Subcommittee for its significant efforts in recent years to improve the Survivor Benefit Plan (SBP), especially its major achievement in eliminating the significant benefit reduction previously experienced by SBP survivors upon attaining age 62.

**SBP-DIC Offset** – The Coalition believes strongly that current law is unfair in reducing military SBP annuities by the amount of any survivor benefits payable from the DIC program.

If the surviving spouse of a retiree who dies of a service-connected cause is entitled to DIC from the Department of Veterans Affairs and if the retiree was also enrolled in SBP, the surviving spouse's SBP annuity is reduced by the amount of DIC. A pro-rata share of the SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. This offset also affects all survivors of members who are killed on active duty.

The Coalition believes SBP and DIC payments are paid for different reasons. SBP is insurance purchased by the retiree and is intended to provide a portion of retired pay to the survivor. DIC is a special indemnity compensation paid to the survivor when a member's service causes his or her premature death. In such cases, the VA indemnity compensation should be added to the SBP annuity the retiree paid for, not substituted for it.

It should be noted as a matter of equity that surviving spouses of federal civilian retirees who are disabled veterans and die of military-service-connected causes can receive DIC without losing any of their federal civilian SBP benefits.

The reality is that, in every SBP-DIC case, active duty or retired, the true premium extracted by the service from both the member and the survivor was the ultimate one – the very life of the member. This reality was underscored by the August 2009 Federal Court of Appeals ruling in *Sharp v. U.S.* which found, "After all the servicemember paid for both benefits: SBP with premiums; DIC with his life."

The Veterans Disability Benefits Commission (VDBC) was tasked to review the SBP-DIC issue, among other DoD/VA benefit topics. The VDBC's final report to Congress agreed with the Coalition in finding that the offset is inappropriate and should be eliminated.

In 2005 then-Speaker Pelosi and other House leaders made repeal of the SBP-DIC offset a centerpiece of their GI Bill of Rights for the 21<sup>st</sup> Century. Leadership has made great progress in delivering on other elements of that plan, but the only progress to date on the SBP-DIC offset has been the enactment a small monthly Special Survivor Indemnity Allowance (SSIA).

The Coalition recognizes that the Subcommittee's initiative in the FY2008 defense bill to establish the SSIA was intended as a first, admittedly very modest, step in a longer-term effort to phase out the Dependency and Indemnity Compensation (DIC) offset to SBP.

We appreciate the Subcommittee's subsequent work to extend the SSIA to survivors of members who died while on active duty, as well as the its good-faith effort to increase SSIA payments as part of the *Family Smoking Prevention and Tobacco Control Act*.

The Coalition was extremely disappointed that the final version of that legislation greatly diluted the House-passed provision and authorized only very modest increases several years in the future.

While fully acknowledging the Committee's good-faith efforts to win more substantive progress, the Coalition shares the extreme disappointment and sense of abandonment of the SBP-DIC widows who are being forced to sacrifice up to \$1,154 each month and being asked to be satisfied with a \$70 monthly rebate.

For years, legislative leaders touted elimination of this "widow's tax" as a top priority. The Coalition understands the mandatory-spending constraints the Subcommittee has faced in seeking redress, but also points out that those constraints have been waived for many, many far more expensive initiatives. The Coalition believes widows whose sponsors' deaths were caused by military service should not be last in line for redress.

***The Coalition recommends:***

- ***Repeal of the SBP-DIC offset.***
- ***Reinstating SBP for survivors who previously transferred payments to their children at such time as the youngest child attains majority, or upon termination of a second or subsequent marriage.***
- ***Allowing SBP eligibility to switch to children if a surviving spouse is convicted of complicity in the member's death.***

**SBP and Special Needs Trusts** – Certain permanently disabled survivors can lose eligibility for Supplemental Security Income (SSI) and Medicaid and access to means-tested state programs because of receipt of SBP. Title 10 currently does not authorize DOD to make the payment of a SBP annuity into a trust, but only to a "natural person".

As a result, permanently disabled military survivors are unique in being unable to take advantage of Special Needs Trust authority specifically established by Congress to protect and assist disabled persons who are in need special services.

***The Coalition recommends authorizing payment of SBP annuities for disabled survivors into a Special Needs Trust.***

**Final Retired Pay Check** – Under current law, DFAS recoups from military widows' bank accounts all retired pay for the month in which a retiree dies. Subsequently, DFAS pays the survivor a pro-rated amount for the number of days of that month in which the retiree was alive. This often creates hardships for survivors who have already spent that pay on rent, food, etc., and who routinely are required to wait several months for DFAS to start paying SBP benefits.

The Coalition believes this is an extremely insensitive policy imposed by the government at the most traumatic time for a deceased member's next of kin. Unlike his or her active duty counterpart, a retiree's survivor receives no death gratuity. Many older retirees do not have adequate insurance to provide even a moderate financial cushion for surviving spouses.

In contrast to the law governing military retired pay treatment of survivors, the title 38 statute requires the VA to make full payment of the final month's VA disability compensation to the survivor of a disabled veteran.

The disparity between DoD and VA policy on this matter is indefensible. Congress should do for retirees' widows the same thing it did ten years ago to protect veterans' widows.

***TMC urges the Subcommittee to authorize survivors of retired members to retain the final month's retired pay for the month in which the retiree dies.***

### **Morale, Welfare, and Recreation (MWR) and Quality of Life (QoL) Programs**

MWR activities and QoL programs have become ever more critical in helping servicemembers and their families cope with the extended deployments and constant changes going on in the force.

The availability of appropriated funds to support MWR activities is an area of continuing concern for the Coalition. We are especially apprehensive that additional reductions in funding or support services may occur due to slow economic recovery and record budget deficits.

BRAC actions pose an additional concern, as DoD is struggling to meet the September 15, 2011 deadline at many BRAC locations. Two reports issued by the Government Accountability Office indicate significant challenges remain in areas of funding, facilities, and overall management.

The Coalition is very concerned whether needed infrastructure and support programs will be in place in time to meet the needs of families.

***TMC urges the Subcommittee to:***

- ***Direct the Department of Defense (DoD) to report to Congress on all DoD and Service active and reserve component MWR Category A, B, and C Programs and Family Support/Readiness (Quality of Life [QoL] Programs), including the Yellow Ribbon Program. The report should include:***
  - ***A current listing of individual program funding levels by category—actual program expenditures vs. program requirement;***
  - ***An assessment of the effectiveness of each program, including program standards and metrics; and***
  - ***A list of recommended changes to policy, including revisions in the current category program listings to more accurately support wartime mission requirements and the needs of the 21<sup>st</sup> Century all-volunteer force.***

- *Protect recreational and alternative therapy programs that integrate MWR, fitness and other quality of life programs and infrastructure to facilitate warrior treatment and care and to promote psychological health and welfare of troops and their families.*

**Military Construction (Milcon)** – TMC believes Milcon Programs, including modernization and recapitalization, are critical elements to maintaining force, unit, and family readiness, and that these programs need immediate attention to maintain and sustain a 21<sup>st</sup> Century military force.

*The Coalition recommends the Subcommittee:*

- *Support military construction projects that modernize or replace the following infrastructure to meet increased personnel and operational deployment requirements:*
  - *child development centers (CDCs) and youth centers;*
  - *defense schools;*
  - *bachelor and family housing; and,*
  - *other traditional QoL program facilities.*
- *Encourage full funding of military housing repair and maintenance accounts to reduce backlogs and provide for safe, well-maintained housing units.*
- *Ensure that military housing privatization initiatives meet expected DoD-Service outcome goals and positively impact servicemember and family needs.*
- *Support a Health Facilities Program that modernizes or replaces Military Treatment Facilities (MTFs) and supports world-class health care delivery capability and capacity for all eligible beneficiaries.*
- *Ensure MWR, Milcon, housing, and family support construction policies and projects improve access for persons with disabilities.*

**Colonel Steve Stobridge (USAF-Ret)**

Director, Government Relations, Military Officers Association of America (MOAA); and  
Co-Chairman, The Military Coalition

Steve Stobridge, a native of Vermont, is a 1969 graduate from Syracuse University. Commissioned through ROTC, he was called to active duty in October 1969.

After several assignments as a personnel officer and commander in Texas, Thailand, and North Carolina, he was assigned to the Pentagon from 1977 to 1981 as a compensation and legislation analyst at Headquarters USAF. While in this position, he researched and developed legislation on military pay, health care, retirement and survivor benefits issues.

In 1981, he attended the Armed Forces Staff College in Norfolk, VA, en route to a January 1982 transfer to Ramstein AB, Germany. Following assignments as Chief, Officer Assignments and Assistant for Senior Officer Management at HQ, U.S. Air Forces in Europe, he was selected to attend the National War College at Fort McNair, DC in 1985.

Transferred to the Office of the Secretary of Defense upon graduation in June 1986, he served as Deputy Director and then as Director, Officer and Enlisted Personnel Management. In this position, he was responsible for establishing DoD policy on military personnel promotions, utilization, retention, separation and retirement.

In June 1989, he returned to Headquarters USAF as Chief of the Entitlements Division, assuming responsibility for Air Force policy on all matters involving pay and entitlements, including the military retirement system and survivor benefits, and all legislative matters affecting active and retired military members and families.

He retired from that position on January 1, 1994 to become MOAA's Deputy Director for Government Relations.

In March 2001, he was appointed as MOAA's Director of Government Relations and also was elected Co-Chairman of The Military Coalition, an influential consortium of 33 military and veterans associations.

**Master Chief Joseph L. Barnes, USN (Retired)**

National Executive Director, Fleet Reserve Association; and  
Co-Chairman, The Military Coalition

Joseph L. (Joe) Barnes is a retired Navy Master Chief and serves as the Fleet Reserve Association's (FRA's) National Executive Director. He is a member of FRA's National Board of Directors, chairs the Association's National Committee on Legislative Service, and is responsible for managing the organization's National Headquarters in Alexandria, VA. In addition, he is president of the newly established FRA Education Foundation which oversees the Association's scholarship program that presents awards totaling nearly \$100,000 to deserving students each year.

Barnes joined FRA's National Headquarters team in 1993 and prior to assuming his current position in 2002, he served as FRA's Director of Legislative Programs. During his tenure, the Association realized significant legislative gains, and was recognized with a certificate award for excellence in government relations from the American Society of Association Executives (ASAE).

In addition to his FRA duties, Barnes is Co-Chairman of the Military Coalition (TMC) and co-chairs TMC's Personnel, Compensation and Commissaries Committee. He is also a member of the Defense Commissary Agency's Patron Council and an ex-officio member of the U.S. Navy Memorial Foundation's Board of Directors.

He received the U.S. Coast Guard's Meritorious Public Service Award and was appointed an Honorary Member of the U.S. Coast Guard by then Commandant of the Coast Guard Adm. James Loy, and former Master Chief Petty Officer of the Coast Guard Vince Patton.

While on active duty, he was the public affairs director for the U.S. Navy Band in Washington, DC, and directed marketing and promotional efforts for national tours, network radio and television appearances, and major special events in the nation's capital. His awards include the Defense Meritorious Service and Navy Commendation Medals.

Barnes holds a bachelor's degree in education and a master's degree in public relations management from The American University, Washington, DC. He earned the Certified Association Executive (CAE) designation from ASAE in 2003 and is an accredited member of the International Association of Business Communicators (IABC).

**Kathleen B. Moakler**

Government Relations Director  
National Military Family Association

Mrs. Moakler has been associated with the National Military Family Association since 1995 as a member of the headquarters staff. She was appointed as Government Relations Director in October 2007. In that position, she monitors the range of issues relevant to the quality of life of the families of the seven uniformed services and coordinates a staff of 4 deputy directors.

Mrs. Moakler represents the interests of military families on a variety of advisory panels and working groups, including the DoD/VA Survivors Forum, and the State Department Interagency Roundtable.

Mrs. Moakler is co-chair of the Survivors Committee for the Military Coalition (TMC), a consortium of 34 military and veteran organizations and serves on the Retiree Committee. She is often called to comment on issues pertaining to military families for such media outlets as the NY Times, CNN, NBC news and the Military Times. She writes regularly for various military related and Association publications.

An Army spouse of over 28 years, Mrs. Moakler has served in various volunteer leadership positions in civilian and military community organizations in that time. Through the years, Mrs. Moakler has worked with many military community programs including hospital consumer boards, commanders' advisory boards, family readiness groups, church councils, youth programs, and the Army Family Action Plan at all levels. She believes that communication is paramount in the efficient delivery of services and the fostering of a rich community life for military families. She holds a Bachelor of Science degree in Business Administration from the State University of New York at Albany. Mrs. Moakler has been awarded the Army Commanders Award for Public Service and the President's Volunteer Service Award.

Mrs. Moakler is also a military mom. Her daughter is an Army nurse with two tours to Iraq and one son is an Army major stationed at Ft. Belvoir, Virginia. Her oldest son is an aspiring actor in Hollywood, California. Mrs. Moakler and her husband, Colonel Martin W. Moakler Jr. USA (retired), reside in Alexandria, Virginia.

**Ike Puzon, Captain, USN, (retired)**

Director of Legislation/Governmental Affairs, Association of the United States Navy

Co-Chair of TMC Guard and Reserve Committee

Co-Director of National Military Veterans Alliance

Captain Puzon is a native of North Carolina, and entered the US Navy through the Naval Aviation Officer program in 1971. After qualifying as a Naval Flight Officer he was assigned to a P-3 squadron in Jacksonville, FL. From 1976 to 1987, after a short tour with the USS America, he completed four additional tours as a Mission Commander in P-3 squadrons as a Tactical Air Coordinator/Mission Commander, Maintenance Officer, Training Officer, Operations Officer, and Officer-in-Charge before being assigned as a Commanding Officer. He logged over 4,400 flight hours in all models of the P-3 aircraft in the Pacific and Atlantic theaters of operations. After his Patrol Squadron CO tour, he was assigned as military assistant with Assistant Secretary of the Secretary of the Navy of Manpower and Reserve Affairs.

After selection to Captain, in 1991, Puzon was selected to serve as Military Assistant/Executive Assistant to Ambassador Richard Armitage at the Department of State, Special Envoy to the Former Soviet Union. In 1992, at the State Department, he later served as Chief of Staff for Ambassador Tom Simmons, Special Envoy to the New Independent States. He was assigned to National War College in 1993.

In 1994, Captain was selected as Commanding Officer of Naval Air Station Atlanta, GA. In 1996, he was detailed to serve on Secretary of Defense's Strategic Studies Group. He later was assigned as a Military Assistant to SECDEF, and in 1998 was detailed to the Joint Staff, J-8 as a Team Leader.

After retiring in 1999, he served as Senator Max Cleland's senior military advisor and military legislative assistant until 2001. In 2001, he started his own consulting/marketing group, representing small defense contractors; Rannoch Corporation (aviation technology), ERA Corporation (aviation equipment), Allied Aerospace Corp (UAV aircraft), and Megadata Corporation (airport and airline technology).

Since 2003, Captain Puzon has served as the Director of Legislation and Government Affairs for the Naval Reserve Association, which later became the current Association of the United States Navy. His military awards included, the Defense Superior Service Medal, Legion of Merit, Meritorious Service Awards, Naval Commendation Awards, and Navy Achievement Awards, as well as several individual/group awards.