



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

201 North Washington Street  
Alexandria, Virginia 22314  
(703) 838-8113

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

**before the**

**Subcommittee on Defense**

**Senate Appropriations Committee**

**May 5, 2004**

**Presented by**

**Sue Schwartz, DBA, RN**  
**Military Officers Association of America**

**Co-Chairman, The Military Coalition Health Care Committee**



**Biography of Sue Schwartz, DBA, RN  
Deputy Director, Government Relations  
The Military Officers Association of America (MOAA)**

Sue Schwartz is Deputy Director of Government Relations, Health Affairs at the Military Officers Association of America (MOAA) where she follows health care reform legislation and its potential impact on the military health services system and serves as co-chairman of the Military Coalition's Health Care Committee. In November 2000, Dr. Schwartz joined the staff at MOAA after leaving the National Military Family Association (NMFA) as the Associate Director, Government Relations

Dr. Schwartz has over 19 years experience as a registered nurse in a variety of health care settings, holding positions of staff nurse, Operating Room Educator, Operating Room/Post Anesthesia Care Unit Director, and Quality Improvement Director. Her consultative experience with Allegiance Health Care, Inc., emphasized cost reduction through supply logistics and clinical activities reengineering. She served as a commissioner on the President's Task Force to Improve Health Care Delivery for Our Nation's Veterans.

Her education preparation includes: DBA from NOVA Southeastern University, MBA from Auburn University, Montgomery, MSA from Central Michigan University, BS from Springfield College and ADN from Bristol Community College. Dr. Schwartz is a certified operating room nurse (CNOR) since 1989, receiving the Association of Perioperative Registered Nurses (AORN) scholarship awards in 1990, 1991, 1997 and 1998. In addition, she is a member Beta Gamma Sigma, a national business honorary.

A spouse of an active duty Marine officer, she resides in Northern Virginia.

## **EXECUTIVE SUMMARY**

### **Active Force Issues**

**Personnel Strengths and Operations Tempo.** The Military Coalition strongly recommends restoration of Service end strengths to sustain the long-term global war on terrorism and fulfill national military strategy. The Coalition supports increases in recruiting resources as necessary to meet this requirement. The Coalition urges the Subcommittee to consider all possible manpower options to ease operational stresses on active, Guard and Reserve personnel.

**Commissaries.** The Military Coalition opposes all privatization and variable-pricing initiatives and strongly supports full or even enhanced funding of the commissary subsidy to sustain the current level of service for all patrons, including Guard and Reserve personnel and their families.

**Family Readiness and Support.** The Military Coalition urges funding for improved family readiness through education and outreach programs and increased childcare availability for servicemembers and their families and associated support structure to assist families left behind during deployments of active duty, Guard and Reserve members.

### **Retirement Issues**

**Combat Related Special Compensation Claims Processing.** The Military Coalition urges Subcommittee leaders and members to ensure that DoD has sufficient funding to provide adequate resources for the timely processing of combat related special compensation claims.

### **Guard And Reserve Issues**

**Selected Reserve Montgomery GI Bill Improvements.** The Military Coalition recommends funding to raise SR-MGIB benefit levels to 47% of the active duty MGIB rate and support to allow reservists who serve non-consecutive tours of 24 months or more active duty within a five-year period to enroll in the active duty MGIB.

### **Health Care Issues**

**Full Funding For The Defense Health Budget.** The Military Coalition strongly recommends the Subcommittee continue its watchfulness to ensure full funding of the Defense Health Program, including military medical readiness, needed TRICARE Standard improvements, and the DoD peacetime health care mission. It is critical that the Defense Health Budget be sufficient to secure increased numbers of providers needed to ensure access for TRICARE beneficiaries in all parts of the country.

**Pharmacy Cost Shares for Retirees.** The Military Coalition urges the Subcommittee to continue to reject imposition of cost shares in military pharmacies, oppose increasing other pharmacy cost shares that were only recently established, and to provide full funding for the Defense Health Pharmacy Program. We urge the Subcommittee to ensure that Beneficiary Advisory Groups' inputs are included in any studies of pharmacy services or copay adjustments.

**Healthcare for Members of the National Guard and Reserve.** The Military Coalition urges the Subcommittee to take action to appropriate sufficient funds and support permanent authorization of the Temporary Reserve Health Care Program (Sec 702, 703, and 704 P.L. 108-

136) to support readiness, family morale, and deployment health preparedness for Guard and Reserve servicemembers.

The Military Coalition urges the Subcommittee to appropriate sufficient funds to provide for federal payment of civilian health care premiums (up to the TRICARE limit) as an option for mobilized service members.

The Military Coalition recommends the Subcommittee provide sufficient funding to permit expansion of the TRICARE Dental Plan benefits for Guard and Reserve servicemembers. This would allow all National Guard and Reserve members to maintain dental readiness and alleviate the need for dental care during training or mobilization.

## PERSONNEL ISSUES

Mr. Chairman, The Military Coalition (TMC) is most grateful to the leadership and members of this Subcommittee for their strong support leading to last year's significant improvements in military pay, housing allowances and other personnel programs for active, Guard and Reserve personnel and their families. But as much as Congress accomplished last year, very significant inequities and readiness challenges remain to be addressed.

In testimony today, The Military Coalition offers its collective recommendations on what needs to be done to address these important issues and sustain long-term personnel readiness.

## ACTIVE FORCE ISSUES

**Personnel Strengths and Operations Tempo.** The Coalition is dismayed at the Department of Defense's reluctance to accept Congress' repeated offers to increase Service end strength to relieve the stress on today's armed forces, who are clearly now sustaining an increased operations tempo to meet today's global war on terror. While we are encouraged by the Army's announcement to temporarily increase their end strength by 30,000, we are deeply concerned that Administration-proposed plans for selected temporary manpower increases rely too heavily on continuation of stop-loss policies, unrealistic retention assumptions, overuse of the Guard and Reserves, optimistic scenarios in Southwest Asia, and the absence of any new contingency needs.

Administration and military leaders warn of a long-term mission against terrorism that requires sustained, large deployments to Central Asia and other foreign countries. The Services simply do not have sufficient numbers to sustain the global war on terrorism, deployments, training exercises and other commitments, so we have had to recall significant numbers of Guard and Reserve personnel. For too many years, there has always been another major contingency coming, on top of all the existing ones. If the Administration does not recognize when extra missions exceed the capacity to perform them, the Congress must assume that obligation.

The Coalition strongly believes that earlier force reductions went too far and that the size of the force should have been increased several years ago to sustain today's pace of operations. Deferral of meaningful action to address this problem cannot continue without risking serious consequences. Real relief is needed now. There is no certainty that missions will decline, which means that the only prudent way to assure we relieve the pressure on servicemembers and families is to increase the size of the force.

Some argue that it will do little good to increase end strengths, questioning whether the Services will be able to meet higher recruiting goals. The Coalition believes strongly that this severe problem can and must be addressed as an urgent national priority, with increases in recruiting budgets if that proves necessary.

Others point to high reenlistment rates in deployed units as evidence that high operations tempo actually improves morale. But much of the reenlistment rate anomaly is attributable to tax incentives that encourage members to accelerate or defer reenlistment to ensure this occurs in a combat zone, so that any reenlistment bonus will be tax-free. Retention statistics are also

skewed by stop-loss policies. Over the long run, past experience has shown that time and again smaller but more heavily deployed forces will experience family-driven retention declines.

Action is needed now. Failing to do so will only deepen the burden of already over-stressed troops and make future challenges to retention and recruiting worse.

***The Military Coalition strongly recommends restoration of Service end strengths to sustain the long-term global war on terrorism and fulfill national military strategy. The Coalition supports increases in recruiting resources as necessary to meet this requirement. The Coalition urges the Subcommittee to consider all possible manpower options to ease operational stresses on active, Guard and Reserve personnel.***

**Commissaries.** The Coalition continues to be very concerned about preserving the value of the commissary benefit—which is widely recognized as the cornerstone of quality of life benefits and a valued part of the servicemembers’ total compensation package.

During the past year, the Department of Defense announced plans to close a number of commissaries, replace the traditional three-star officer serving as chairman of the Commissary Operating Board (COB) with a political appointee, and require a study on instituting variable pricing for commissary products. These proposals are apparently intended to save money by reducing the annual appropriation supporting the Defense Commissary Agency (DeCA), which operates 275 commissaries worldwide. The COB recommendation is also viewed as another indicator of DoD’s ongoing interest in eventually privatizing the benefit.

The Coalition supports cost savings and effective oversight and management. However, we are concerned about the unrelenting pressure on DeCA to cut spending and squeeze additional efficiencies from its operations—despite years of effective reform initiatives and recognition of the agency for instituting improved business practices.

The Coalition is particularly opposed to the concept of variable pricing, which the Administration acknowledges is aimed at reducing appropriated funding. This can only come at the expense of reducing benefits for patrons.

The commissary is a highly valued quality of life benefit not quantifiable solely on a dollars appropriated basis. As it has in the past, The Military Coalition opposes any efforts to privatize commissaries or reduce benefits to members, and strongly supports full funding of the benefit in FY 2005 and beyond.

***The Military Coalition opposes all privatization and variable-pricing initiatives and strongly supports full or even enhanced funding of the commissary benefit to sustain the current level of service for all patrons, including Guard and Reserve personnel and their families.***

**Family Readiness and Support.** Family readiness is a key concern for the approximately 60 percent of servicemembers with families. Allocating adequate resources for the establishment and maintenance of family readiness and support programs is part of the cost of effectively fulfilling the military mission.

Servicemembers and their families must understand and be aware of benefits and programs available to them and who to contact with questions and concerns—both at the command level

and through the respective Service or Department of Defense—in order to effectively cope with the challenges of deployment. It is also important to meet childcare needs of the military community including Guard and Reserve members who are being called to active duty in ever-increasing numbers.

*The Military Coalition urges funding for improved family readiness through education and outreach programs and increased childcare availability for servicemembers and their families and associated support structure to assist families left behind during deployments of active duty, Guard and Reserve members.*

## RETIREMENT ISSUES

**Combat Related Special Compensation Claims Processing.** The Military Coalition applauds Congress for the landmark provisions in the FY 2004 National Defense Authorization Act that expand combat related special compensation to all retirees with combat-related disabilities and authorizes—for the first time ever—the unconditional concurrent receipt of retired pay and veterans’ disability compensation for retirees with disabilities of at least 50 percent. Disabled retirees everywhere are extremely grateful for this Subcommittee’s action to reverse an unfair practice that has disadvantaged disabled retirees for over a century.

However, we are becoming increasingly aware of growing problems with combat related special compensation claims processing. Large numbers of applicants are waiting six months or more for decisions. The Services have acknowledged that the expanded authority will increase backlogs even more. The Coalition believes DoD must have sufficient funding to meet staffing and other support requirements to ensure claims are processed in a reasonable period of time.

*The Military Coalition urges Subcommittee leaders and members to ensure DoD has sufficient funding to provide adequate resources for the timely processing of combat related special compensation claims.*

## GUARD AND RESERVE ISSUES

**Selected Reserve Montgomery GI Bill Improvements.** Individuals who first become members of the National Guard or Reserve are eligible for the Selected Reserve Montgomery GI Bill (SR-MGIB) under Chapter 1606 of Title 10 U.S. Code. But SR-MGIB benefits have declined sharply compared to active duty benefits and need to be restored.

During the first fifteen years of the SR-MGIB program (1985-1999), benefits maintained 47 percent comparability with the active duty MGIB authorized under Title 38. But in the last few years, the SR-MGIB has slipped to a 29 percent ratio with the basic program due to benefit increases that were enacted only for the active duty program. The drop in reserve benefits happened at a time when the Guard and Reserve have been mobilized and deployed unlike any other time since World War II. In addition, many reservists have been mobilized for more than one extended tour of active duty. If the tours add up to 24 months of active duty but are served non-consecutively, the reservists are not eligible for the active duty MGIB.

*The Military Coalition recommends funding to raise SR-MGIB benefit levels to 47% of the active duty MGIB rate and support to allow reservists who serve non-consecutive tours of 24 months or more active duty within a five-year period to enroll in the active duty MGIB.*

**Guard/Reserve Family Readiness and Support.** All military families experience high stress levels when their military spouses are deployed in harms way. National Guard and Reserve families are no exception. In their case, however, military base support networks are rarely available to them due to their geographic dispersion across the nation. The Services and the Defense Department have initiated new programs to support the growing needs of reserve component families but more needs to be done.

The Guard and Reserve have increased the number of paid family readiness coordinators and established more Family Assistance Centers to help volunteers and provide basic information. The challenge is providing consistent and reliable information on benefits and services across all of the reserve components. For example, the Air National Guard employs professional family coordinators but the Army National Guard does not. Another concern is the lack of childcare services for mobilized Guard and Reserve families.

*The Military Coalition urges adequate funding for family readiness services through education and outreach programs, increased childcare availability for servicemembers and their families, and associated support services to assist families left behind during deployments of active duty, Guard and Reserve members.*

### **HEALTH CARE ISSUES**

The Military Coalition is most appreciative of the Subcommittee's exceptional efforts over several years to honor the government's health care commitments to all uniformed services beneficiaries. These Subcommittee-sponsored enhancements represent great advancements that should significantly improve health care access while saving all uniformed services beneficiaries thousands of dollars a year. The Coalition particularly thanks the Subcommittee for last year's outstanding measures to address the needs of TRICARE Standard beneficiaries as well as to provide increased access for members of the Guard and Reserves.

While much has been accomplished, we are equally concerned about making sure that subcommittee-directed changes are implemented and the desired positive effects actually achieved. We also believe some additional initiatives will be essential to providing an equitable and consistent health benefit for all categories of TRICARE beneficiaries, regardless of age or geography. The Coalition looks forward to continuing our cooperative efforts with the Subcommittee's members and staff in pursuit of this common objective.

**Full Funding For The Defense Health Budget.** Once again, a top Coalition priority is to work with Congress and DoD to ensure full funding of the Defense Health Budget to meet readiness needs -- including graduate medical education and continuing education, full funding of both direct care and purchased care sectors, providing access to the military health care system for *all* uniformed services beneficiaries, regardless of age, status or location. A fully funded health care benefit is critical to readiness and the retention of qualified uniformed service personnel.

The Subcommittee's oversight of the defense health budget is essential to avoid a return to the chronic underfunding of recent years that led to execution shortfalls, shortchanging of the direct care system, inadequate equipment capitalization, failure to invest in infrastructure and reliance

on annual emergency supplemental funding requests as a substitute for candid and conscientious budget planning.

We are grateful that last year, Congress provided supplemental appropriations to meet growing requirements in support of the deployment of forces to Southwest Asia and Afghanistan in the global war against terrorism.

But we are concerned by reports from the Services that the current funding level falls short of that required to meet current obligations and that additional supplemental funding will once again be required. For example, we have encountered several instances in which local hospital commanders have terminated service for retired beneficiaries at military pharmacies, citing budget shortfalls as the reason. Health care requirements for members returning from Iraq are also expected to strain the military delivery system in ways that we do not believe were anticipated in the budgeting process.

Similarly, implementation of the TRICARE Standard requirements in last year's Authorization Act – particularly those requiring actions to attract more TRICARE providers -- will almost certainly require additional resources that we do not believe are included in the budget. Addressing these increased readiness requirements, TRICARE provider shortfalls and other needs will most likely require additional funding.

***The Military Coalition strongly recommends the Subcommittee continue its watchfulness to ensure full funding of the Defense Health Program, including military medical readiness, needed TRICARE Standard improvements, and the DoD peacetime health care mission. It is critical that the Defense Health Budget be sufficient to secure the increased numbers of providers needed to ensure access for TRICARE beneficiaries in all parts of the country.***

**Pharmacy Cost Shares for Retirees.** Late last year, the Office of Management and Budget (OMB) and the Defense Department considered a budget proposal that envisioned significantly increasing retiree cost shares for the TRICARE pharmacy benefit, and initiating retiree copays for drugs obtained in the direct care system. While the proposal was put on hold for this year, the Coalition is very concerned that DoD is undertaking a review that almost certainly will recommend retiree copay increases in FY 2006.

It was less than three years ago that Congress authorized and appropriated adequate funding for the TRICARE Senior Pharmacy Program (TSRx) and DoD established \$3 and \$9 copays for all beneficiaries. Defense leaders highlighted this at the time as “delivering the health benefits military beneficiaries earned and deserve.” But the Pentagon already has changed the rules, with plans to remove many drugs from the uniform formulary and raise the copay on such drugs to \$22.

Now, there are new proposals to double and triple the copays for drugs remaining in the formulary – to \$10 and \$20, respectively. One can only surmise that this would generate another substantial increase in the non-formulary copay – perhaps even before the \$22 increase can be implemented.

Budget documents supporting the change rationalized that raising copays to \$10/\$20 would align DoD cost shares with those of the VA system. This indicates a serious misunderstanding of the VA cost structure, unless the Administration also plans to triple VA cost shares. At the present

time, the VA system requires no copayments at all for medications covering service-connected conditions, and the cost share for others is \$7.

The Coalition believes this Subcommittee will appropriate the funds needed to meet uniformed services retiree health care commitments if only the Administration will budget for it. The Coalition is concerned that DoD does not seem to recognize that it has a unique responsibility as an employer to those who served careers covering decades of arduous service and sacrifice in uniform. Multiple administrations have tried to impose copays in military medical facilities, and Congress has rejected that every time. We hope and trust that will continue.

The Coalition vigorously opposes increasing retiree cost shares that were only recently established. Congress's recent restoration of retiree pharmacy benefits helped restore active duty and retired members' faith that their government's health care promises would be kept. If implemented, this proposal would undermine that trust, which in the long term can only hurt retention and readiness.

***The Military Coalition urges the Subcommittee to continue to reject imposition of cost shares in military pharmacies, oppose increasing other pharmacy cost shares that were only recently established and to provide full funding for the Defense Health Pharmacy Program. We urge the Subcommittee to ensure that Beneficiary Advisory Groups' inputs are included in any studies of pharmacy services or copay adjustments.***

**Healthcare for Members of the National Guard and Reserve.** The Military Coalition is most appreciative to Congress for ensuring that the Temporary Reserve Health Care Program was included in the FY 2004 National Defense Authorization Act. This program will provide temporary coverage, until December 2004, for National Guard and Reserve members who are uninsured or do not have employer-sponsored health care coverage. TRICARE officials plan to build on existing TRICARE mechanisms to expedite implementation; however, no one is certain how long this will take. Immediate implementation and full funding is required.

The Coalition is grateful to the Congress for their efforts to enact Sec 703 and 704 of the FY 2004 NDAA. Sec 703 -- Earlier Eligibility Date for TRICARE Benefits for Members of Reserve Components provides TRICARE health care coverage for reservists and their family members starting on the date a "delayed-effective-date order for activation" is issued. Sec 704 -- Temporary Extension of Transitional Health Care Benefits changes the period for receipt of transitional health care benefits from 60 or 120 days to 180 days for eligible beneficiaries.

Congress recognized the extraordinary sacrifices of our citizen-soldiers, by enacting extending this pre- and post-mobilization coverage. . Now it's time to recognize the changed nature of 21st century service in our nation's reserve forces by making these pilot programs permanent and provide full funding.

***The Military Coalition urges the Subcommittee to take action to appropriate sufficient funding and support permanent authorization of the Temporary Reserve Health Care Program (Sec 702, 703, and 704 P.L. 108-136) to support readiness, family morale, and deployment health preparedness for Guard and Reserve servicemembers.***

Health insurance coverage varies widely for members of the Guard and Reserve: some have coverage through private employers, others through the Federal government, and still others have

no coverage. Reserve families with employer-based health insurance must, in some cases, pick up the full cost of premiums during an extended activation. Guard and Reserve family members are eligible for TRICARE if the member's orders to active duty are for more than thirty days; but, many of these families would prefer to preserve the continuity of their health insurance. Being dropped from private sector coverage as a consequence of extended activation adversely affects family morale and military readiness and discourages some from reenlisting. Many Guard and Reserve families live in locations where it is difficult or impossible to find providers who will accept new TRICARE patients. Recognizing these challenges for its own reservist-employees, the Department of Defense routinely pays the premiums for the Federal Employee Health Benefit Program (FEHBP) when activation occurs. This benefit, however, only affects about ten percent of the Selected Reserve.

***The Military Coalition urges the Subcommittee to appropriate sufficient funds to provide for federal payment of civilian health care premiums (up to the TRICARE limit) as an option for mobilized service members.***

Dental readiness is another key aspect of readiness for Guard and Reserve personnel. Currently, DoD offers a dental program to Selected Reserve members and their families. The program provides diagnostic and preventive care for a monthly premium, and other services including restorative, endodontic, periodontic and oral surgery services on a cost-share basis, with an annual maximum payment of \$1,200 per enrollee per year. However, only five percent of eligible members are enrolled.

During this mobilization, soldiers with repairable dental problems were having teeth pulled at mobilization stations in the interests of time and money instead of having the proper dental care administered. Congress responded by passing legislation that allows DoD to provide medical and dental screening for Selected Reserve members who are assigned to a unit that has been alerted for mobilization in support of an operational mission, contingency operation, national emergency, or war. Unfortunately, waiting for an alert to begin screening is too late. During the initial mobilization for Operation Iraqi Freedom, the average time from alert to mobilization was less than 14 days, insufficient to address deployment dental standards. In some cases, units were mobilized before receiving their alert orders. This lack of notice for mobilization continues, with many reservists receiving only days of notice before mobilizing.

***The Military Coalition recommends the Subcommittee provide sufficient funding to permit expansion of the TRICARE Dental Plan benefits for Guard and Reserve servicemembers. This would allow all National Guard and Reserve members to maintain dental readiness and alleviate the need for dental care during training or mobilization.***

## **CONCLUSION**

The Military Coalition reiterates its profound gratitude for the extraordinary progress this Subcommittee has made in advancing a wide range of personnel and health care initiatives for all uniformed services personnel and their families and survivors. The Coalition is eager to work with the Subcommittee in pursuit of the goals outlined in our testimony. Thank you very much for the opportunity to present the Coalition's views on these critically important topics.