



## THE MILITARY COALITION

July 14, 2016

The Honorable John McCain  
Chairman, Armed Services Committee  
United States Senate  
Washington, DC 20510

The Honorable Mac Thornberry  
Chairman, Armed Services Committee  
U.S. House of Representatives  
Washington, DC 20510

The Honorable Jack Reed  
Ranking Member, Armed Services Committee  
United States Senate  
Washington, DC 20510

The Honorable Adam Smith  
Ranking Member, Armed Services Committee  
U.S. House of Representatives  
Washington, DC 20510

Dear Messrs. Chairmen and Ranking Members:

The Military Coalition (TMC), a consortium of uniformed services and veterans associations representing more than 5.5 million currently serving, retired, and former service members and their families and survivors, thank you and the Committees for your efforts to protect the interests of service members in the FY2017 National Defense Authorization Bill. The Coalition appreciates both Committees' expeditious action on your respective bills. We thank you especially for your sincere and extensive efforts to include provisions intended to ensure long-standing problems with health care access and quality are addressed in a substantive and timely way.

The attached matrix highlights TMC views and recommendations on selected provisions of the House- and Senate-passed bills. Several issues warrant special emphasis.

**Force Levels** – TMC is concerned by statements of Service leaders regarding the extent to which current forces are overstretched. We endorse the House-recommended force levels and noted with appreciation Senator McCain's intense -- but ultimately frustrated -- effort to pursue a floor amendment to increase end strengths similarly. Our strong hope is a way can be found to adopt these improvements in conference.

**Uniform Benefit** – Compensation/benefit adjustments should apply equally for all seven uniformed services.

**Military Pay Raise** – The Coalition believes strongly in the principal of pay raise comparability and believes servicemembers deserve the same annual raise as the average American's, as measured by the Employment Cost Index (ECI). That is especially true after three years of capping raises below that level. Those three caps already have reduced 2016 basic pay more than \$1,800 for an E-5 with 10 years of service and more than \$3,500 for an O-3 with 10 years of service. TMC supports the House-proposed 2.1 percent pay raise for 2017, and noted Senator McCain's support for a floor amendment to do the same in the Senate bill. Again, our hope is the final bill will include the full-ECI 2.1 percent raise.

**Basic Allowance for Housing (BAH)** – TMC opposes the Senate-passed plan to link BAH payments to members' reported housing costs and reduce BAH payments dramatically for dual-member couples and other multiple service member sharing arrangements. We believe, as DoD does, BAH is an integral element of military compensation, and service members' decisions on how they spend it generally should be theirs alone.

The proposed change would constitute a huge compensation cut for many thousands of service members. A married couple of two O-4s stationed at the Pentagon would lose a combined \$33,000 annually. In the case of an E-9 married to an E-6 with one child, their combined allowance under the Senate plan would be lower than the BAH amount provided an E-9 family with a civilian spouse. The Senate plan would also penalize junior enlisted roommates by dividing their BAH payments by the number of servicemembers in the same housing. Congress just adopted a new retirement system that relies more on service members' savings, but the Senate plan would penalize them for using their best option to generate more savings. Further, basing BAH payments on members' reported costs would penalize homeowners who made prudent efforts to keep a house from a previous assignment at their current duty location, to refinance their homes to get smaller payments, to roll over gains from previous home sales, or to pay off their mortgages. These and other good reasons are why DoD ended the practice of trying to base U.S. BAH rates on actual expenses.

**MHS Reform** – TMC has several concerns about both chambers' proposals. These include:

- No fees should be increased until after improvements in care access and quality have been addressed.
- Both the Senate-proposed fees and House-proposed fees for new entrants are disproportionately high.
- TMC supports grandfathering provisions in the House bill. We do not believe any enrollment fee is appropriate for TRICARE Standard, but the House 2020 enrollment fee provision is preferable to the Senate provision.
- No enrollment fees should be charged for active duty servicemembers or their family members, as the House provision would do for entrants after Jan 1, 2018.
- TMC supports the Senate provision making it explicit there should be no enrollment fee for TFL beyond the Medicare Part B premium.
- Beneficiaries who live in areas where TRICARE has no provider network should have a reduced fee structure. They not only have no network choice, but they cost DoD less than Prime beneficiaries do.
- The PPO network must be broader than the Prime network. It should not be limited to MTF localities, but include other areas where there are large populations of eligible beneficiaries.
- Retired members residing in areas where Prime is offered should be allowed to enroll in Prime, whether or not MTF care is available for them.
- SecDef should have the authority to reduce or eliminate fees for high-value services or medications, but Congress should reserve to itself authority to raise fees and cost-shares.
- Any annual adjustments for any TRICARE fee should be based on the same COLA mechanism as military retired pay. Fees should not grow faster than income does.

Survivor Benefits – The Coalition has special comments on two issues:

- TMC is grateful to both chambers for not letting the Special Survivor Indemnity Allowance (SSIA) authority expire. But military survivors deserve better than the status quo. TMC is seeking House and Senate senior leadership support to provide non-HASC/SASC offsets to allow multi-year increases in SSIA amounts, in accordance with Congress' originally expressed intent to continue increasing SSIA as a means of phasing out the unfair deduction of VA Dependency and Indemnity Compensation from Survivor Benefit Plan (SBP) annuities. TMC believes SSIA increases should not be funded by taking money from other military benefits (e.g., by raising pharmacy copayments). It should be the government's responsibility -- not military beneficiaries' -- to fund appropriate survivor compensation.
- TMC urges the conferees to adopt the House provision to equalize SBP calculations for survivors of members who die on inactive-duty training with those of members who die on active duty. The current formula treats Reserve survivors unfairly. When military service caused the death, survivor benefits should not be reduced simply because the member was on inactive-duty training.

Sincerely,

The Military Coalition  
(Signatures attached)

cc: Members of House and Senate Armed Services Committees

Air Force Association  
Air Force Sergeants Association  
Air Force Women Officers Associated  
AMVETS (American Veterans)  
Army Aviation Association of America  
AMSUS, the Society of Federal Health Professionals  
Association of the United States Army  
Chief Warrant & Warrant Officers Association, USCG  
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  
Jewish War Veterans of the United States of America  
Marine Corps Reserve Association  
Military Officers Association of America  
Military Order of the Purple Heart  
National Association for Uniformed Services  
National Military Family Association  
Naval Enlisted Reserve Association  
Non Commissioned Officers Association  
Reserve Officers Association  
The Military Chaplains Association of the United States of America  
Tragedy Assistance Program for Survivors  
The Retired Enlisted Association  
United States Army Warrant Officers Association  
United States Coast Guard Chief Petty Officers Association  
Veterans of Foreign Wars of the United States  
Vietnam Veterans of America

Military Coalition Letter in re: July 14, 2016