THE MILITARY COALITION

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May 18, 2018

Chairman Thom Tillis (R-NC)
Senate Armed Services Committee
Subcommittee on Personnel
185 Dirksen Senate Office Building
Washington, DC 20515

Ranking Member Kirsten Gillibrand (D-NY)
Senate Armed Services Committee
Subcommittee on Personnel
478 Russell Senate Office Building
Washington, DC 20515

Dear Chairman Tillis and Ranking Member Gillibrand,

On behalf of the 5.5 million members of the Military Coalition (TMC), we wanted to provide you with TMC's Statement for the Record on Military Personnel, Family Readiness, Healthcare and Related Topics for FY 2019. This statement reflects the Coalition's position and the areas of interest and concern of our membership.

We believe that as your committee discusses these important topics that directly affect servicemembers, veterans, military retirees, survivors and their families, you will find this statement to be useful.

Thank you for your service to the nation and for your service on behalf of our men and women in uniform and their families.

Sincerely,

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Colonel, USAF (Ret)
Vice President, Government Relations
Military Officers Association of America and
Co-Chairman, The Military Coalition

Tom Snee
MCPO, USN (Ret)
National Executive Director,
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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)

for the

SENATE ARMED SERVICES
SUBCOMMITTEE ON PERSONNEL

concerning

Military Personnel, Family Readiness, Healthcare and Related Topics

May 18, 2018

MR. CHAIRMAN, MADAM RANKING MEMBER, AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE, The Military Coalition (TMC), a consortium of nationally prominent uniformed services and veterans' organizations, is grateful to the Subcommittee for this opportunity to express our views concerning military personnel, family readiness, healthcare and related topics affecting the uniformed services community. This statement provides the collective views of the following 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
Association of the United States Army
Association of the United States Navy
AMSUS, the Society of Federal Health Professionals
Chief Warrant & Warrant Officers Association, USCG
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 Officers Association of America
Military Order of the Purple Heart
National Military Family Association
Non Commissioned Officers Association
Reserve Officers Association
Service Women's Action Network
The Military Chaplains Association of the United States of America
The Retired Enlisted Association
Tragedy Assistance Program for Survivors, Inc.
United States Army Warrant Officers Association
United States Coast Guard Chief Petty Officers Association
Veterans of Foreign Wars
Vietnam Veterans of America
Wounded Warrior Project

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

TMC Statement on Military Personnel, Family Readiness, Healthcare and Related Topics
Senate Armed Services Committee, Subcommittee on Personnel

Sequestration

TMC strongly supports the Subcommittee's efforts to end sequestration in favor of a more responsible approach to funding national defense requirements for personnel and other critical programs. The recently passed two-year budget agreement has been a productive step in the right direction to get Congress back to regular order in terms of a stable budget for planning purposes. TMC urges Congress to follow defense budgets with commensurate appropriations to provide the necessary funding for the security and defense of the nation.

Currently Serving Issues

Force Levels

TMC urges the Subcommittee to sustain needed personnel strengths in both active and reserve components, and to ensure associated funding for approved force levels to meet national security strategy requirements and dwell time needs. The Coalition thanks the Subcommittee for their attention in this area, as demonstrated in the FY2018 NDAA.

Uniformed Services Pay Raise

TMC urges the Subcommittee to keep uniformed services pay commensurate with service and aligned with private sector wage increases. We further urge the Subcommittee to support the POTUS FY2019 budget request to provide such a pay raise equal to the growth in the Employment Cost Index (ECI), determined by the Bureau of Labor Statistics to be 2.6% and establish the goal of restoring full pay raise comparability and ultimately closing the existing, cumulative pay-raise-gap, which currently stands at 2.6%. We further urge the committee, to secure future annual active duty pay increases that are at least equal to the Employment Cost Index (ECI).

Basic Allowance for Housing

TMC strongly believes that Basic Allowance for Housing (BAH) is an essential component of regular military compensation. The Coalition urges the Subcommittee to sustain current applicable BAH calculations for all servicemembers, regardless of their house-sharing status, and restore BAH rates to match 100% of median housing costs once fiscal conditions permit.

Retirement Issues

Military Retirement System

With regard to the proposed adjustments to the new blended retirement system (BRS), TMC recommends the Subcommittee:

Extend the period of government match to include all years of service for all eligible servicemembers, both officer and enlisted (current law offers no match beyond 26 years);

Increase the government matching contribution from 4% to 5%; and

Resist any delay in the start of matching contributions (currently, matching will begin after two years of service).

TMC urges the Subcommittee's continued vigilance to:

Ensure the Defense Department implements a high-quality education program that assists members under the new system in developing prudent investment strategies and also provides objective criteria to help members with less than 12 years of service in making prudent decisions between remaining under the current system or converting to the blended system—decisions which must be made before January 1, 2019. Military spouses should be included as fully as possible in the BRS education program. Statistics show, by conservative estimates, over 90% of household finances in a military family are managed by the spouse.

Ensure the financial impact on servicemembers and their families under BRS is understood. As we are now into the 5th month of the opt-in year, understanding of the new Blended Retirement System (BRS) remains low. Per a recent survey taken by *Blue Star Families*, the majority (51%) of those servicemembers and spouses who indicated they were eligible for the new BRS say they do not understand it and 42% indicated they did not know how the new system works compared to the old.

Ensure the calculations used to determine lump-sum payment options for newly eligible retirees under the blended system reflect reasonable discount rates that do not disproportionately erode their retired pay value. In this regard, the Coalition notes a significant number of actuaries have expressed concern the planned discount rate will result in substantially devalued lump sum payments to future retiring servicemembers.

Retired Pay Cost of Living Adjustments (COLA)

The Coalition is grateful to the Subcommittee for its vigilance in protecting the full value of retired pay COLAs, most recently by providing final relief in the FY2016 NDAA from the impact on future service entrants to military service of the COLA-1 provision in the FY2015 Budget Enforcement Act.

TMC urges the Subcommittee to oppose the adoption of a chained Consumer Price Index (C-CPI) computation *or any other COLA reductions* which would devalue retired pay, survivor benefits, disability compensation, and other programs over time.

Concurrent Receipt

TMC recommends the Subcommittee seek to extend authorization for Concurrent Retirement and Disability Payments (CRDP) to disabled retirees not eligible under the current statute, with priority emphasis on extending eligibility to severely disabled Chapter 61 (military-connected disability) retirees with less than 20 years of service due to wounds, illnesses, or injuries that forced their premature medical retirement.

The Coalition strongly supports legislation introduced in both the House and Senate that supports this position.

- H.R. 333: Disabled Veterans Tax Termination Act
- H.R. 303: Retired Pay Restoration Act
- S. 66: Retired Pay Restoration Act

Guard and Reserve

TMC's main area of concern for National Guard and Reserve forces, remains on bringing pay, benefits and resources into better alignment with the active component. We thank the Subcommittee for their efforts in bringing earned benefits for 12304b missions into parity with active counterparts, and we look forward to continuing to work with the members on attaining better access to medical care before and after orders start and end and credit for reduced retirement age.

The Coalition strongly supports legislation introduced as part of the defense authorization bills in both the House and Senate that supports the effort to close that gap.

Currently, members of the Ready Reserve are unable to make the maximum allowable contribution to their Thrift Savings Plans (TSPs) without limiting the amount they contribute to a different retirement plan based upon other employment. These men and women are feeling the strains of serving in an operational capacity for more than a decade of sustained conflict, and they deserve the same service-based retirement preparation options afforded to other servicemembers. We urge Congress bring fairness to the military's new retirement system rather than punishing National Guard and Reserve members for pursuing civilian careers and thereby creating unnecessary incentives to separate.

The Coalition strongly supports legislation in both the House and Senate which would adhere to the original intent of the TSP contribution retirement system, which was designed to give retirement benefits to all servicemembers.

Survivor Issues

SBP-DIC Offset

TMC thanks the Subcommittee for their support in making permanent the Special Survivor Indemnity Allowance (SSIA) in the 2018 NDAA. We urge the Subcommittee to seek senior leadership in the Budget Committee and Senate assistance to identify the necessary funding for the full repeal of the SBP-DIC offset.

The Coalition strongly supports legislation introduced in both the House and Senate that supports this objective.

- H.R. 846: Military Surviving Spouses Equity Act
- S. 339: Military Widow's Tax Elimination Act

2018 National Defense Strategy

TMC looks forward to working closely with the Subcommittee and the Department of Defense (DoD) on the way ahead regarding recent proposals and initiatives made in the new 2018 National Defense Strategy that directly impacts servicemembers and their families—and are focused on building a more lethal Joint Force.

Toxic Exposure

We are pleased to see Congress directing DoD to do more to address the needs of servicemembers who have been exposed to burn pits, toxic airborne chemicals and other detrimental toxins.

We would like Congress to encourage DoD to assess and research the diseases and illnesses resulting from toxic exposures by our Post-9/11 veterans in order to help ensure longer, healthier lives for the men and women who served our country. We would like to make sure that all exposures would be delineated so that none are overlooked. We would also like to see the list expanded to include depleted uranium, radiation exposures, infectious diseases, and occupational materials. We would hope that identifying each exposure is a step in the right direction.

Lastly, we would also like to see an evaluation of ALL duty locations in which a member served, not just those with open air burn pits, to ascertain the full measure of a service member's toxic exposures. The recently released DoD report March 2018 report, 'Addressing Perfluorooctane Sulfonate (PFOS) and Perfluorooctanoic Acid (PFOA),' outlines the full magnitude of the presence of PFOS and PFOA in drinking water and groundwater on our military bases and identifies 401 active and Base Closure and Realignment installations in the United States with at least one area where there was a known or suspected release of perfluorinated compounds. This exposure should not be overlooked.

Encourage DoD to prioritize developing a process to assess, research and document the diseases and illnesses resulting from toxic exposures by our Post 9/11 veterans in order to help ensure longer, healthier lives for the men and women who serve our country.

Military Families

Thank you for extending stability options for military families facing a Permanent Change of Station (PCS), as well as the $500 reimbursement for military spouse licensing and certification expenses related to PCS. Military families endure some of the unintended consequences of military service, and these provisions are welcome and necessary to reduce financial hardships that can result from a mobile military life.

Military Spouse Unemployment and Underemployment

Military spouse employment remains a major factor in the overall quality of life and financial wellbeing of our military families. When military spouses trail a servicemember from one assignment to the next, their short-term and long-term earnings face significant degradation. Lack of longevity in one position is perceived poorly by potential employers, who respond by either not hiring the military spouse candidates or by reducing their risk with lower wages. This is not unique to military spouses, but certainly, the number of times a military spouse faces this reaction is unusual and compounds the financial loss with each additional move.

The wage gap between a military spouse and a civilian counterpart is 38%[1], and widest for those with the most education or advanced degrees. Those with advanced education are also more likely to carry school loan debt. This compounding of financial challenges (unemployment or lower earnings and loan debt) specifically related to spouse employment is a significant factor for servicemembers in whether or

[1] https://ivmf.syracuse.edu/article/military-spouse-employment-survey/, Syracuse University Institute for Veterans and Military Families Military Spouse Employment Report, February 2014, accessed February 22, 2018.

not to serve a career. There may be opportunities to battle this retention challenge at the federal level, through:

- robust military spouse employment support programs to help them gain appropriate employment,
- regular and rigorous data collection on employment statistics to identify gaps and opportunities, and
- policies inside of the DoD which support employment of military spouses in DoD contracts and activities.

TMC regularly promotes DoD's Spouse Education and Career Opportunities program. These support systems have advanced over the years to address a more and more complex environment. The addition of specialized career counselors, improved web interfaces and employment portals, and support for entrepreneurs are all welcome advancements intended to address the real needs heard from military spouses in the labor market.

We ask for Congressional assistance in continuing to invest in these programs by providing adequate staff and innovative initiatives for maximum support of military spouse employment, particularly in OCONUS locations.

We ask Congress to mandate and fund increased data collection through DoD, not less than annually, on military spouse employment. This should include a comprehensive standalone survey to assess the career fields of military spouses (all components), their experience, education, job market alignment, underemployment, number of transitions, access to remote or telework, employment in government jobs, access to security clearances, and federal contract employment. This data should be made public, and used as a tool to improve federal programs for military spouse employment.

We hear from contractors that they have difficulty in maintaining employment positions for military spouses. Terms of contracts may require an employee to be located in a certain geographic region, regardless of position responsibilities, or prohibit telework. Without exceptions for military spouses who follow their servicemember on a change of station, the terms of the contract effectively terminate the employment of the military spouse on a PCS, regardless of whether or not the contractor would like to continue their employment.

We ask Congress to mandate reforms to defense contracting that facilitates and encourages military spouse employment, providing exceptions for contractors, where possible, to continue military spouse employment at a new duty station.

License portability remains a challenge at the state level. While all states have passed some legislation to facilitate portability, some career fields are necessarily left out of that legislation. Education and healthcare are two such career fields, and they are two of the most common among military spouses. A viable option for portability in these professional and highly regulated career fields is to create interstate compacts. A successful example is the Nurse Licensure Compact which has been entered into by 47 states. However, the cost of these compacts can slow the process for their creation.

We ask Congress to explore grant opportunities to fund interstate compacts for career fields where the impact on military spouse employment could be more readily evident.

Special Needs Families

Families with special needs family members face extraordinary challenges. This is even truer for military families, who have to find new providers and restart treatment plans with every military ordered move. The Exceptional Family Member Program (EFMP) is designed to mitigate these challenges by ensuring military family members are sent to locations where their medical and educational needs can be met. Unfortunately, too often, the EFMP fails to work as intended.

> *Enrollment in the Exceptional Family Member Program (EFMP) is mandatory for active duty servicemembers. When a family member is identified with special medical and/or educational needs, the special needs are documented through enrollment in the EFMP. Enrollment ensures that the family member's documented medical and educational needs are considered during the assignment process.*[2]

However, many times, military families enrolled in this program are reassigned and the necessary resources (both medical and educational) are unavailable or inaccessible. While compassionate reassignment may be an option in some cases, often it's not – and regardless, is time consuming and cumbersome. In the meantime, children and other dependents enrolled in EFMP go without the resources they need to lead a full life.

For those with special healthcare needs, especially children, this can mean a poor health prognosis, slowed development, long periods of travel to receive appropriate healthcare and increased out of pockets costs when the healthcare contractors and providers don't agree on a course of treatment.

For children with special educational needs, this can mean going without educational support required to keep them on grade level, setting them back months or years in their learning.

While federal law requires school districts to provide all children with a free, appropriate public education, the reality is that school district funding varies from location to location. As a result, the educational services available to families in one district may not be offered in their next location. While an appeals process exists for parents who feel their children have been denied needed services, going down that road requires a significant investment of time, knowledge of complex regulations and systems, or money to hire a knowledgeable advocate for these special needs. Military families who move often are "waited out" by some school districts, forcing their children to lose valuable instructional support and time while servicemembers and their spouses try to traverse the complex legal courses of action available to them.

We ask Congress to fund increased staffing for EFMP Family Support Providers (e.g., Special Needs Navigators, Family Case Workers) to help special needs military families successfully transition non-medical resources and supports from one duty station to another.

We also ask Congress to study the feasibility of increased training for JAGs to ensure that every installation where EFMP families are assigned, has a JAG officer with the expertise to help them through the bureaucratic process of self-advocacy for a Free Appropriate Public Education for their military children.

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[2] http://download.militaryonesource.mil/12038/MOS/ResourceGuides/EFMP-QuickReferenceGuide.pdf, EFMP Quick Reference Guide, 2016.

Defense Resale

We want to thank Congress for its continued vigilance over commissary and broader defense resale reforms. TMC supports reforms that protect the longevity of the defense resale system, its dividends for MWR, savings for patrons, customer satisfaction, and product quality.

Patrons continue to come to us with concerns about empty shelves and disappearing product line. DeCA assures us these are not a direct result of the reforms process. However, with declining sales, we remain concerned there are simply too many changes being enacted at once to ensure full success.

We ask Congress for continued vigilance and funding to support reforms in defense resale while increasing performance and patronage.

Military Health Care

We are appreciative and applaud the implementation of a broad range of improvements in appointment systems, hours of service, elimination of certain pre-authorization and referral requirements, value-based care initiatives, clinical productivity standards, ABA therapy reimbursement rates, telehealth services, disease management programs, and joint trauma provisions outlined in the FY 2017 NDAA .

Areas of Concern Regarding TRICARE Reform and Transition

The current managed-care support contractor (MCSC) transitions that commenced Jan. 1, 2018, have been more tumultuous than with any other contract transition in recent history. TRICARE's change from the previous three regions into two has been positive on the surface, as beneficiaries experience less change as they move, but operationally, the changes beneficiaries currently are experiencing on many service levels have been abysmal.

As implementation of these new contracts has begun, we have witnessed little, if any, true improvement in experience for beneficiaries. Many beneficiaries are experiencing poor customer service with transitioning, problems with existing and new referrals, long phone wait times and dropped calls, and a broad range of inadequate provider networks for primary care and specialty care for both the Prime and Select options. These issues have been acknowledged, yet we see the needle moving only slightly positive.

For Select in particular, and in the West Region predominantly, the lack of network providers has resulted in beneficiaries unable to access the Select PPO benefit billed as a significant improvement to the former TRICARE Standard/Extra construct. It is not clear when these networks will be developed; in the meantime, beneficiaries are at risk of paying higher cost shares while waiting for improvements in care.

Therefore, we recommend an expansion of the TRICARE Select provider network beyond the network associated with Prime (the 85-percent threshold), including providers who have been willing to accept normal Medicare/TRICARE-allowed charges. A robust network of TRICARE Select providers will be required to ensure former TRICARE Standard beneficiaries who elect to use TRICARE Select or who don't have access to Prime do not incur unnecessary out-of-network charges as is widely occurring now.

While we recognize lack of access to the Select network often is due to decisions beyond the control of the beneficiary, TMC recommends non-network deductibles and charges should be limited to beneficiaries who have access to, but choose not to use, network providers.

TRICARE Fee Issues

Military beneficiaries recently experienced unexpected increases in TRICARE fees. For TRICARE Prime retirees and their families, these increases resulted from DoD's unilateral decision to dramatically increase Prime copays. For TRICARE Select families, DoD's decision to include ancillary services (such as labs and diagnostic radiology) when calculating office visit copays resulted in higher out-of-pocket costs for many beneficiaries . These structural fee changes disregard the intention of the 2017 NDAA, which prescribed current military members, veterans, and families of both were to be grandfathered from health care cost-share increases. Some of those new fees are noted below:

- **Retiree TRICARE Prime copayments**: Copayments range from 67% to 173% higher than 2017 Prime retiree copayments in select categories.
- **Active duty family and retiree TRICARE Select copayments**: DoD used a provision in the policy to restructure the former TRICARE Standard/Extra cost shares, into what it described as an improved flat-rate copayment structure, touted as being more predictable for beneficiaries. The result is increased out-of-pocket costs, which are inconsistent with private-sector Preferred Provider Organizations and have been detrimental to many military families and retirees who rely on TRICARE Select for coverage.
- **Mental health visits considered specialty care**: This change generates significantly higher out-of-pocket costs than under the previous TRICARE Extra — higher than many civilian plans. These TRICARE Select costs create barriers to mental health care access.
- **TRICARE pharmacy copayments**: The copayments have doubled and tripled. For some, a $7 increase from $0 for a generic prescription can be tolerated; however, for those on a fixed income and receiving several generics and other specialty medications, it is costly — and costs will increase at rates beyond the COLA in the future.
- **Effects of cost-share increases**: Many beneficiaries have become overburdened quickly under these new copayments. While an occasional copayment of $30 or $40 for a specialty visit is not a financial strain for many, an active duty family with one or more special needs children or adults with multiple medical issues requiring many more appointments per week will see an overwhelming increase in costs. Hitting catastrophic caps will become more of a norm than an exception.

Additionally, an examination of Federal Employee Health Benefit Program's (FEHBP's) primary and specialty outpatient visits show their copayments are significantly lower than the new TRICARE Select visits. A sample of ten FEHBP plans examined all had copayments that do not fold in ancillary services, but all had separate percent cost shares within the plans (beneficiaries pay for what they use). Thus, the DHA seems to be creating a fee structure unlike most other health plans and will make it difficult to compare TRICARE to commercial plans to determine the relative value of the benefit in the future.

DOD's lack of transparency when it changed the TRICARE fee structure, resulting in large fee hikes, breaks faith with currently serving families and those who have served full careers. The quality and value of the military health care benefit should reflect the extraordinary sacrifices of military service as the prepaid premium for their earned benefits. Health care for military beneficiaries should be a top-tier benefit. We are aware of the need to manage costs of health care and believe proportioned increases indexed to COLA are appropriate. Conversely, we do not support arbitrary increases of a disproportionate nature to generate funds for other purposes, and 67% to 173% increases are nothing but disproportionate.

The Coalition asks Congress to require the DHA to review and report on the impact these higher fees are having on beneficiaries (including compliance to treatment plans), the gross revenue these new fees have generated, and the specific accounts to which this new revenue has been directed.

Modification to Qualifying Life Events (QLE)

Prior to TRICARE reform changes that started in 2018, beneficiaries could switch from TRICARE Prime to TRICARE Standard at any time, with minimal restrictions on switching from Standard to Prime. This flexibility was critical for military families, in particular, due to their use of Military Treatment Facilities and the inconsistency in access and quality across the direct care system. We support the concept of an open enrollment period, but we do not support a policy that would lock military families into underperforming MTFs that do not meet their needs. Inconsistency across the system (and even at an individual MTF over a period of time) means families cannot make an informed TRICARE Plan choice. Allowing families to leave the MTF as needed also provides an important aspect of accountability for the direct care system.

We recommend the DHA work with beneficiary organizations to develop an agreed upon extension and range of the QLE that reflects the unique nature of military life and the military health system.

Arlington National Cemetery

TMC thanks the Subcommittee for its continued diligent oversight of this important area of interest and concern to retirees, veterans and their families.

The Coalition's main area of concern continues to be in relation to capacity at Arlington National Cemetery. TMC supports pursuing all potential expansion options onto lands both to adjacent properties and elsewhere around the country rather than significantly restricting eligibility to the retiree and veteran populations.

If at some point, after careful deliberation, it is determined that eligibility requirements for ANC will change, it is very important that those changes be communicated to the currently eligible population. We recommend at the very least that ANC establish a reservation system for a set number of spaces to provide those with intentions of burial at the cemetery to carry out their end-of-life plans.

We look forward to continuing to work closely with Subcommittee on this important topic of interest and concern to our membership.

In Summary

We believe the budget reversal of the spirit and intent of the TRICARE fee grandfathering provisions in the FY 2017 NDAA was inappropriate for many reasons.

DoD health care costs are declining, not rising. DoD's own data from its annual reports to Congress show DoD health care costs continue to decline or remain flat from past levels. Both TRICARE for Life and purchased care costs to DoD have been dropping for some time.

We also take issue with DoD's assertions regarding the share of DoD health care costs which fail to adequately exclude the cost of readiness, inefficiency, and other DoD-driven decisions that drive system costs.

The Coalition believes beneficiaries should not be expected to absorb any share of such costs associated with readiness or DoD's own inefficiencies. In this regard, both DoD and Congress acknowledge the primary purpose of military treatment facilities and their associated training, staffing, maintenance, and support is to meet readiness needs.

Additionally, we believe TRICARE beneficiary fees should not grow faster than their military income does. We continue to support the COLA process established in current law, and we do not support tying fees to a national health care cost index that would consume an ever-greater share of their income over time.

We would appreciate the Subcommittee's efforts to oversee and address the first-year TRICARE transition concerns regarding enrollment, beneficiary experience, and network adequacy.