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Protect TRICARE For Life for Medicare-Eligible Military Families

TRICARE For Life (TFL) is part of the military health care benefit and provides Medicare wraparound coverage. Not only is TFL vital to seniors using it today, it has also been a key component of the compensation and benefits package that sustained the all-volunteer force throughout two decades of war. Current and future seniors are counting on TFL to be there for them during their advancing years.

Maintaining the military health care benefit is a national obligation to those who earned it through decades in uniform, and it is critical to ensuring military retirees — key influencers in the recruiting process — are not discouraged from recommending service to current and future generations.

WHAT IS TFL?

TFL is Medicare-wraparound coverage for TRICARE-eligible beneficiaries who have Medicare Parts A and B. Enrollment is not required for TFL — coverage is automatic and starts the first day Medicare Parts A and B are in effect.

There is no enrollment fee for TFL, but beneficiaries must pay Medicare Part B premiums. Military retirees face a significant monthly cost increase when

transitioning to TFL — monthly fees jump from \$30-\$60 per month for TRICARE Prime or Select family coverage to at least \$174.70 per month for individual Medicare Part B enrollment. Some people pay more based on income.

TFL beneficiaries can visit any authorized provider — Medicare pays its portion and TFL then pays the provider for TRICARE-covered services. Generally, there are no out-of-pocket costs for services that both Medicare and TRICARE cover, but TFL beneficiaries do have copays for prescription medications obtained via mail order or at retail pharmacies.

THE NEED FOR TFL

Congress created TFL in 2001 to address the loss of free medical care when more than half of military medical facilities closed due to downsizing, leaving many military retirees age 65-plus with no military health care benefit despite decades of service.

Congressional intent with the creation of TFL was clear. In the FY 2001 National Defense Authorization Act conference report, the conferees instructed: “While extending TRICARE/CHAMPUS eligibility to Medicare eligible beneficiaries, the conferees direct

Congress: We need your help

Protect the TRICARE For Life benefit to fulfill our nation’s military health care commitment to career service-members and retirees.

TFL Fees: A credible threat

In its report, *Options for Reducing the Deficit 2023-2032*, the Congressional Budget Office included two concepts to generate mandatory spending savings through unprecedented TFL fees:

- An annual enrollment fee would require Medicare-eligible beneficiaries who choose to enroll in TFL to pay \$575 for individual coverage or \$1,150 for family coverage per year.

Adding an **\$850** deductible?

- A cost-sharing concept would introduce an \$850 deductible. TFL would not cover any of the first \$850 of a beneficiary’s Medicare cost sharing. After the deductible was satisfied, TFL would cover only 50% of the next \$7,650 in Medicare cost sharing. This means TFL beneficiaries could face up to \$4,675 in cost sharing a year.

DoD included TFL fee proposals in five consecutive administration budget requests from FY 2013 to FY 2017. We appreciate Congress repeatedly denying these requests and maintaining TFL for current and future military retirees.

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the Secretary of Defense to refrain from using deductibles and copayments, in recognition of their participation in Medicare Part B as a condition of participation.” Congress has maintained this stance, repeatedly denying five consecutive DoD budget request proposals for TFL enrollment fees from FY 2013 to 2017, thus solidifying expectations for TFL among career servicemembers and retirees.

THREATS TO TFL

MOAA takes a balanced approach to TRICARE fee increases. We understand health care costs are rising and don't oppose indexing existing TRICARE fees by annual military retired pay cost-of-living adjustments. MOAA advocates against changing the terms of the health care benefit after it has been earned, including the creation of unprecedented TRICARE fees and disproportionate fee increases that diminish the overall retirement package via health care costs that outpace military retired pay.

The Congressional Budget Office (CBO) has outlined two concepts for a new TFL enrollment fee and beneficiary cost sharing (see box on facing page). These concepts are not legislative proposals, but CBO's messaging poses a threat to TFL. Not only were TFL fee increases part of CBO's biennial report on deficit reduction measures, but they were also featured prominently in written testimony CBO submitted for a July 2023 hearing on potential budgetary efficiencies within DoD personnel programs.

Past DoD budget requests have included a variety of proposals for TFL enrollment fees to reduce spending by shifting health care costs to beneficiaries. We appreciate past actions by Congress to block these unacceptable proposals to cut the benefit after it has been earned. With the Military Health System (MHS) budget under pressure, MOAA fears DoD will resurrect TFL proposals that would slash the military retiree health care benefit and reduce protections for current and future retirees. Servicemembers and retirees and their families and survivors are counting on Congress to block any future attempts to cut TFL.

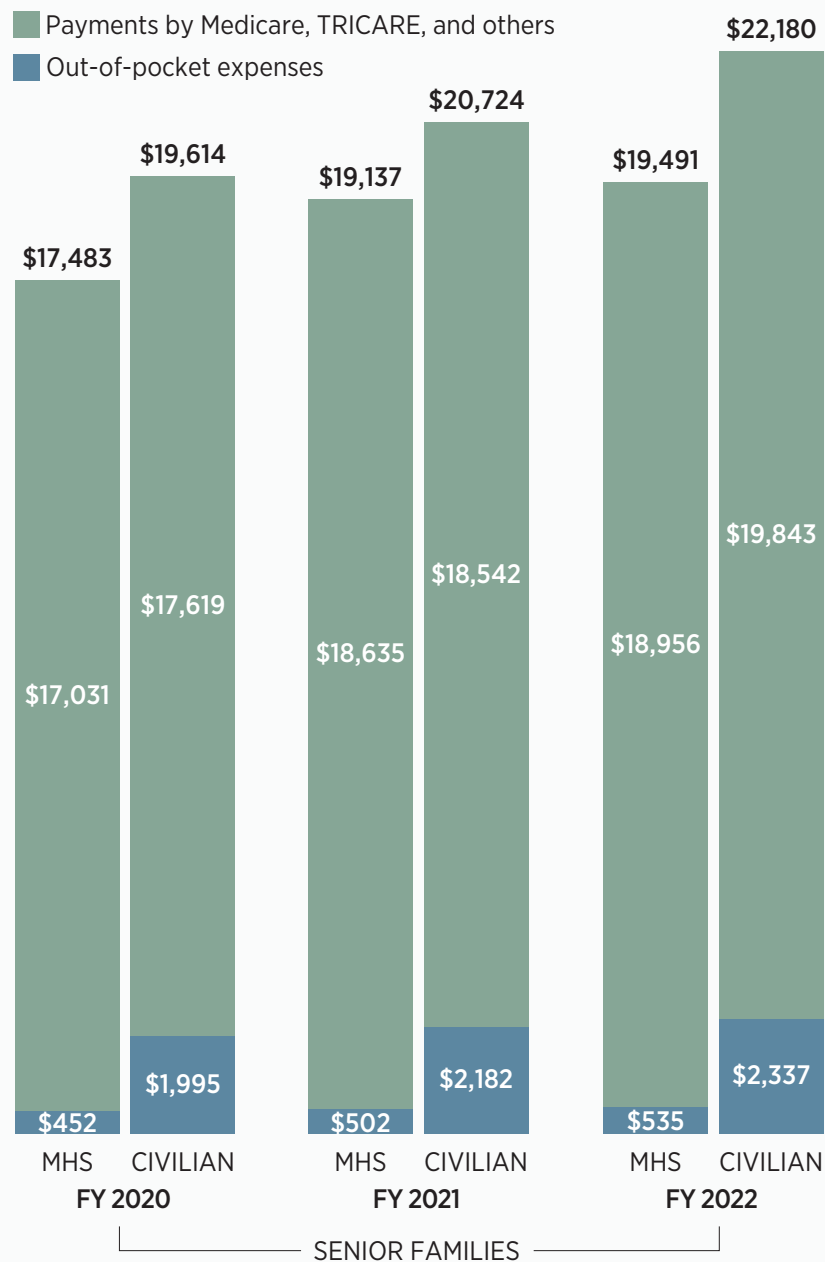
The small percentage of citizens who handle 100% of our national defense have earned a high-quality, low out-of-pocket-cost health care benefit. Maintaining TRICARE and demonstrating our nation will fulfill obligations to military retirees is not only a moral imperative but critical to sustaining the all-volunteer force. 

The Overutilization Myth

Proponents for TFL cost sharing have contended that no/low out-of-pocket costs lead TFL beneficiaries to overutilize medical services. The Congressional Budget Office alludes to this point in their TFL cost-sharing concept when they note higher out-of-pocket costs would lead beneficiaries to use fewer medical services.

But data from TRICARE's annual report to Congress shows military senior families actually have lower utilization than civilian senior families. In 2022, TFL senior families used 12% less in medical services than their civilian counterparts despite relatively low cost sharing.

COINSURANCE AND HEALTH CARE UTILIZATION FOR SENIOR FAMILIES VS. CIVILIAN COUNTERPARTS



SOURCE: EVALUATION OF THE TRICARE PROGRAM: FY 2023 REPORT TO CONGRESS

GRAPHIC: JOHN HARMAN/STAFF