



## Military Health Care Overview at the End of the First Session, 106th Congress

Following the end of the first session of the 106<sup>th</sup> Congress, the Association of the United States Army (AUSA) has compiled the following overview of the current state of military health care initiatives from the point of view of AUSA, Congress and the Department of Defense (DoD).

### AUSA

- **AUSA Resolutions for the year 2000 concerning health care**
  - Support and fund research to benefit soldiers on the 21<sup>st</sup> century battlefield.
  - Provide adequate funding to ensure continued access to quality health care for all beneficiaries and to preclude the imposition of user fees.
  - Support eligible beneficiaries by providing all options of the TRICARE Program through the managed care support contractors.
  - Continue to support the ongoing test of Medicare subvention (reimbursements) to military treatment facilities for care provided to military Medicare-eligible beneficiaries.
  - Support the national pharmacy initiative.
  - Support eligible Medicare beneficiaries who do not have access to military treatment facilities by offering them access to the Department of Defense/Federal Employees Health Benefits Program (FEHBP).
  - Support offering for purchase group long-term care insurance to soldiers, civilian employees and the annuitants of both active and retired personnel.
- **AUSA health care-related legislative objectives for the year 2000**
  - Obtain for all categories of military beneficiaries access to quality health care (TRICARE and TRICARE Senior Prime, Medicare subvention, expansion of FEHBP Test, expansion of mail-order pharmacy program).
  - Seek budget provisions to expand the TRICARE Senior Prime program nationwide and make it permanent.
  - Seek budget provisions to expand the FEHBP-65 demonstration program to additional authorized sites.
  - Continue AUSA representation on the DoD Healthcare Quality Initiatives Review Panel.

- In conjunction with The Military Coalition (TMC) and The Retired Officers Association (TROA), seek continued progress on the TRICARE Senior Prime permanent implementation nationwide and FEHBP-65 test expansion. (The National Association for Uniformed Services (NAUS) wants immediate implementation of FEHBP-65 without testing.)

## Congress

### • **Health care improvements in Fiscal Year 2000 DoD Authorization Bill**

- **Redesign of the DoD Pharmacy Program.** DoD is directed to establish a uniform formulary (to be determined by the Pharmacy and Therapeutics Committee, with input and review by a new Uniform Formulary Beneficiary Advisory Panel). This initiative requires more work. Despite the intent, it's not clear that the uniform formulary will be available to eligible covered beneficiaries through military treatment facility (MTF) pharmacies. The reason for concern is the caveat that drugs carried by the MTF would be consistent with the "scope of health care services offered in such facilities." On the other hand, the National Mail Order Pharmacy and TRICARE retail pharmacies would have to carry the entire uniform formulary.
- **Rx Plan for Medicare-Eligible Servicemembers.** DoD is required to submit to Congress by April 15, 2001, a plan to expand the prescription benefit to all Medicare-eligible uniformed services beneficiaries. Combined with the Rx pilot project that will be implemented at two sites in FY 2000, this should provide the foundation for a worldwide prescription drug option for Medicare-eligible uniformed services beneficiaries.
- **Reduction in Preauthorization Burden Under TRICARE.** The bill stipulates that a single Nonavailability Statement (NAS) (instead of multiple NASs) shall be required for those not enrolled in Prime for receipt of health care services related to outpatient prenatal, outpatient/inpatient delivery and outpatient postpartum care subsequent to the visit which confirms the pregnancy. In addition, the legislation requires the Secretary of Defense to submit a report to Congress by March 31, 2000, on specific actions taken (1) to reduce requirements for preauthorization for care under TRICARE and (2) to reduce requirements for nonavailability statements. For example, the intent is to reduce requirements for beneficiaries to obtain preauthorization for preventive services such as obstetrical-gynecological (OB-GYN) exams, mammograms for women over age 35 and urological exams for men over age 60.
- **Rejuvenating the Claims Processing System.** The bill directs DoD to implement best business practices in the claims processing system, to include a greater emphasis on electronic claims processing. Electronic claims processing would not only result in faster reimbursements to providers, but would likely save DoD about \$300 million per year, because the \$9 TRICARE per-claim processing cost vastly exceeds the \$2 per-claim cost of best private practices.
- **Higher TRICARE Reimbursements.** The Secretary of Defense is authorized to increase CHAMPUS (TRICARE) maximum allowable charges (CMAC) if necessary to ensure the availability of an adequate number of health care providers.
- **TRICARE Beneficiary Counselors.** The legislation establishes a formal counseling program for beneficiaries at the lead agent (TRICARE Region Directors) and at each MTF. This provision falls short of the TMC objective. The Military Coalition's intent for such a program was to have the counselors and advocates be independent of both the MTF and the managed care contractor. This is a step in the right direction, but will have to be monitored carefully to ensure this is not a situation where the "fox is guarding the chicken coop."

- **TRICARE-FEHBP Benefit Comparison.** DoD is required to submit a report to Congress by March 31, 2000, which compares the level of benefits offered by TRICARE to the coverage available under similar plans in FEHBP.
- **TRICARE Prime Age-in Equity.** Provides a “Sense of Congress” resolution that anyone currently enrolled in TRICARE Prime who becomes Medicare-eligible should be able to enroll in Senior Prime if they reside in a demonstration area (regardless of whether their primary care manager [PCM] is military or civilian). Currently only beneficiaries with a military PCM are allowed to age-in automatically and The Military Coalition has strongly objected to this discriminatory DoD policy.
- **Waiver of TRICARE Deductibles for Activated Guard and Reserve.** TRICARE-eligible individuals and families are required to pay certain amounts of health care costs (called the TRICARE deductible) before TRICARE begins sharing the costs of medical care. Because the deductible is calculated on an annual basis, regardless of the amount of time spent on active duty by the servicemember, members and families of the National Guard and Reserve are unfairly penalized when called to active duty. Therefore, the bill included a provision to authorize the Secretary of Defense to waive the TRICARE deductible requirement for the families of Guardsmen and Reservists recalled to active duty for less than one year.
- **Retiree Dental Benefits Enhanced.** Makes the coverage available to retirees comparable to the benefits under the family dental plan.
- **Reserve Dental Program Expanded.** The program is being expanded to permit voluntary enrollment of certain members of the Ready Reserve and their families. Until now only Selected Reserve servicemembers—those who train on a regular basis and are subject to recall by the President—could participate in the reserve dental insurance program. Under the expanded program, Individual Ready Reserve (IRR) members subject to involuntary recall by the President would share premium costs with the government, and other IRR members would pay the full premium cost.
- **New congressional health care initiatives**
  - HR 2966, introduced by Rep. Ronnie Shows (D-MS), would provide Medicare-eligible members of the uniformed services the opportunity to enroll in the FEHBP or to remain in TRICARE. Members who entered the uniformed services before June 7, 1956 (the date space-available limitation was included in law) would be entitled to fully paid lifetime health care upon retirement. The problem with the bill is cost: approximately \$2 billion per year.
  - HR 113, introduced by Rep. Randy Cunningham (R-CA), would remove limits on the number of enrollees, sites and geographic areas specified in the current FEHBP-65 test authority.
  - HR 205, sponsored by Rep. Jim Moran (D-VA), would extend the FEHBP-65 option to every Medicare-eligible uniformed services beneficiary worldwide.
  - HR 2116, known as the Veterans Millennium Health Care and Benefits Act, passed the House and the Senate and awaits presidential signature. The bill will
    - establish a test long-term care benefit for any veteran with a 70 percent or higher disability or whose need for such care is service-connected;
    - authorize enrollment for nondisabled military retirees eligible for TRICARE, essentially guaranteeing them care, rather than giving care on a “space available” basis;

- require DoD and Veteran Affairs (VA) to negotiate reimbursement rates for care above;
- establish a specific eligibility for VA health care for a veteran who was awarded the Purple Heart;
- allow VA to adjust copayments for certain services such as pharmaceuticals, eyeglasses, etc., subject to certain restrictions;
- restore, following termination of a remarriage, eligibility for CHAMPVA medical care, education and housing loans to surviving spouses who lost eligibility for these benefits as the result of remarriage. These same spouses regained dependency and indemnity compensation eligibility, but not these related benefits, as the result of legislation enacted in 1998.

## Department of Defense

- **Current status of TRICARE Senior Prime**
  - TRICARE Senior Prime, a program permitting Medicare-eligible beneficiaries to enroll in DoD's TRICARE Prime program, has been successfully implemented and well received at six demonstration sites. The Assistant Secretary of Defense (ASD) for Health Affairs wants to expand the program, and there is strong bipartisan support in Congress to do so. Pending legislation (HR413 and S915) would make the program permanent on a "phased-in" basis, expanding first to ten additional sites and then across remaining catchment areas after FY 2002.
- **Current status of FEHBP-65 test**
  - In January 2000 DoD will begin a test of enrolling Medicare-eligibles in the FEHBP. Current legislation authorizes enrollment of 66,000 beneficiaries at up to 10 sites. DoD has limited the test to eight sites encompassing 66,000 TOTAL eligibles, rather than 66,000 **enrollees**. Even the most optimistic estimate envisions at least 30 percent will not enroll, so enrollments will fall far below the authorized level. DoD has authority to expand the FEHBP-65 to ten sites and increase enrollment to the 66,000 Congress envisioned, but must budget for full enrollment capacity.
  - On October 5, 1999, DoD initiated **TRICARE Prime Remote** to provide primary medical care to active-duty servicemembers who live in the United States but far from military hospitals and clinics. Active-duty personnel who live and work more than 50 miles from a military hospital or clinic must enroll in TRICARE Prime Remote. Currently family members are not eligible for this program.
  - In the Spring of 2000 DoD will offer at two sites the opportunity for over-65-year-olds to purchase **TRICARE as a supplement to Medicare coverage**. Like most supplementals, the TRICARE supplemental plan would cover Medicare copays, but not the \$100 annual Medicare outpatient deductible. It would reimburse participants up to 115 percent of Medicare allowable charges and provide unlimited prescription drug coverage with normal TRICARE copays. DoD envisions that the TRICARE supplemental coverage will have a premium of about \$500 per person per year—significantly lower than the commercial supplementals or FEHBP. The test will run until December 31, 2002. Enrollees must be members or former members of the uniformed services, or their dependents, and be enrolled in Medicare part A and B.