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**Testimony of**

**The National Military and Veterans Alliance**

**Presented by**

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**and**

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**before the**

**Subcommittee on Military Personnel,  
Committee on House Armed Services**

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**Disclosure:**

*Neither the National Military Veterans Alliance, the National Association of Uniformed Services (NAUS) nor The Reserve Officers Association (ROA) have received grants (and/or sub-grants) or contracts (and/or subcontracts) from the federal government for the past three fiscal years.*

**INTRODUCTION:**

Mister Chairman and distinguished members of the Committee, The National Military and Veterans Alliance (NMVA) is very grateful for the invitation to testify before you about our views and suggestions concerning current and future issues facing both serving, retirees, families and survivors.

The Alliance expands the military and veteran community's ability to present a united front to the Department of Defense, Department of Veterans Affairs, Congress and the White House. By working together, the larger voice of the combined associations' memberships and their families help promote the objectives concerning a wide-range of military quality of life pay, personnel, health care, survivor benefits, military housing and education, veterans, and military retiree issues and legislation.

**The Alliance Membership:**

American Logistics Association	National Assoc. for Uniformed Services
American Military Retirees Association	National Gulf War Resource Center
American Military Society	Naval Enlisted Reserve Association
American Retirees Association	Naval Reserve Association
American WWII Orphans Network	Paralyzed Veterans of America
AMVETS	Reserve Enlisted Association
Association of Old Crows	Reserve Officers Association
Catholic War Veterans	Society of Military Widows
Class Act Group	The Retired Enlisted Association
Gold Star Wives of America	TREA Senior Citizen League
Japanese-American Veterans Association	Tragedy Assistance Program for Survivors
Korean War Veterans	Uniformed Services Disabled Retirees
Legion of Valor	Veterans of Foreign Wars
Military Order of the Purple Heart	Vietnam Veterans of America
Military Order of Foreign Wars	Women in Search of Equity
Military Order of the World Wars	

The National Military and Veterans Alliance represents almost five million members. Collectively, our organizations represent some 80 million Americans - those who are serving our nation, or who have served their families, and their survivors.

## **CURRENT AND FUTURE ISSUES FACING UNIFORMED SERVICES:**

The Alliance thanks you for your continued focus on the numerous and important quality of the life issues that affect the generations of servicemembers, their families and their survivors who have through their military and related service changed the world for the better, exactly as today's brave men and women are doing in difficult circumstances elsewhere around the globe

In this time of war the burdens that are being placed on all members of the uniformed services and their families have grown enormously. At the same time the needs of the uniformed services retired and survivor community is growing. While our citizenry is concerned about our National Defense and about those who are now or who have protected our way of life in the past, we should move to make improvements in several crucial programs.

### **ISSUE 1: PAY AND COMPENSATION:**

#### **PAY**

For the last two years, Retiree COLAs have been higher than the active duty pay raises. While this has been an economic quirk created by established calculation procedures, lower pay levels for active duty members is a disincentive. Recently the challenge has not only been a pay gap between military and civilian sectors, but a cost of living gap between active military and retiree.

Our serving members are patriots willing to accept peril and sacrifice to defend the values of this country. All they ask for is fair recompense for their actions. At a time of war, compensation rarely offsets the risks. To ensure an all volunteer force, a competitive pay needs to be maintained for its active force, with inflation protections once they retire. NMVA requests that Congress:

- Ensure that annual enlisted military pay raises exceed the Employment Cost Index (ECI) unit, until pay gap with civilian sector is closed.
- Supports targeted pay raises for those mid-grade members who have increased responsibility in relation to the overall service mission.
- Increase Special Pay/Special Duty Assignment Pay rates for those performing duties which have been designated as extremely difficult or involving an unusual degree of responsibility in a military skill.
- Apply the same allowance standard to Aviation Career Incentive Pay, Career Enlisted Flyers Incentive Pay, Diving Special Duty Pay, hazardous duty and other special pays to reservists as they are currently paid to active duty members if active duty standards are met.

#### **RETENTION OF MEDICAL PROFESSIONALS**

The Alliance has received feedback that Congress could include incentives to encourage many medical doctors, dentists, and nurses to stay in longer by:

- Restoring compensation parity with Department of Veterans Affairs medical professionals.
- Including Bonus/Cash Payments (Incentive Specialty Pay IPS) in Retirement Pay calculations for military health care providers, which will improve retention in critical military health care providers.

## **HOUSING**

- Increase funding for housing allowances to fulfill mandate that the allowance account for full cost of housing.
- Change the square-footage and dwelling type (by rank) standard to determine the formula for the Basic Allowance for Housing (BAH) to financially protect the entire “military family” regardless of rank.

## **NATIONAL GUARD AND RESERVE**

Over half a million Guard and Reserve members have been mobilized since September 11, 2001. This operational tempo has placed enormous strains on reservists, their family members and their civilian employers.

A further impact has been the recent change in Mobilization Policy announced by the Pentagon in January. Where previously, a Guard or Reserve Member was open to involuntarily mobilization for up to 24 cumulative months, following the announcement Reserve Component (RC) members may now be called up for 24 consecutive months. While this provides the Pentagon more flexibility, this also is viewed as a further change to the contract of Guard or Reserve Members.

Beyond extending some RC units in country, the Pentagon has yet to fully implement this new policy. Many Guard and Reserve members anxiously await. This new policy will take time to fully execute. It includes limiting mobilizations to a one-year duration, and a one-year in six-year frequency.

Secretary of Defense Gates announced the development of a compensation plan. A draft policy is now being circulated within the Pentagon, according to which individuals would be paid extra cash incentives if they are deployed early, deployed often, held over in theater, or mobilized beyond a year.

The Office of Personnel and Readiness proposes that both Active Component and Reserve Component members who extend past a year “on the ground” in theater will be paid an additional \$1,000 per month. If mobilized outside of theater beyond a year, the rate would be \$500 per month.

If redeployed early, a lump sum would be paid based on how quickly a member returns to deployment. For the Reserves, if a member is immediately remobilized, the payment could be \$6,000. If mobilized at 15 months, the payment could be \$4,500. If mobilized at 30 months, the Reservist could be paid \$3,000, and at 45 months the payment would be \$1,500.

Services would be allowed substantial latitude to develop their own programs. The Army Reserve has already announced that its rotation will be a one year in five year frequency.

This new policy with its incentives supports the Pentagon philosophy of buying Guard and Reserve services through up-front cash incentives and bonuses. The final test for this policy will be the response it receives from the serving members. Reservists vote with their feet. Recruiting and retention will be the metric of this new policy.

The Alliance feels that near term incentives are short sighted. NMVA believes that the National Guard and Reserve's pay, bonuses, benefits and retirement should reflect these added obligations, multiple activations and increased training requirements, by mixing both near term and deferred benefits. The following briefly outline some our suggestions for improvements that would make the added obligations of our Guard and Reserve members easier to bear and maintain.

**Bonuses** - Guard and Reserve component members may be eligible for one of three bonuses, Prior Enlistment Bonus, Reenlistment Bonus and Reserve Affiliation Bonuses for Prior Service Personnel. These bonuses are used to keep men and woman in mission critical military occupational specialties (MOS) that are experiencing falling numbers or are difficult to fill. During their testimony before this committee the Reserve Chiefs will address the positive impact that bonuses have upon retention. This point cannot be understated. The operation tempo, financial stress and civilian competition for these jobs makes bonuses a necessary tool for the Department of Defense to fill essential positions.

**Compensation**- Increasing demands on Guard and Reserve members call for changes in their compensation so that the Reserve component can continue to attract and retain those willing to shoulder the added responsibilities.

- Needed improvements include increasing Selected Reserve Montgomery GI Bill benefits to 50% of the active duty Montgomery GI bill rate. Recently, the value of the benefit has slipped to 27% of the basic program. The Selected Reserve benefit needs to keep pace with the active duty benefit.
- The Alliance also recommends lifting the cap on Inactive Duty points that can be earned annually by a Guard or Reserve member. A limit on the amount of training that can be credited for retirement purposes creates a disincentive to professional development.
- Special and incentive pays need to be increased. Many Guard and Reserve members feel cheated when they receive 1/30th of a month's pay for each day duty is performed for many special and incentive pays. These pays are based upon proficiency, not time. The disparity, even if it is only a perceived disparity, needs to be addressed.
- Changes to the Reserve duty system need to be considered carefully. NMVA understands why the Department of Defense would wish simplify the duty status for Reserve component members, but any change that would results in the loss of pay must not be implemented.
- Permit activated Reservists to defer repayment and accrual of interest of certain Federally-backed student loans.

**Retirement System-** When the Reserve force retirement system was established in 1947, it was assumed that a Guard or Reserve member has a primary career in the civilian sector. Over the last two decades, more has been asked of Guardsmen and Reservists than ever before. The changing and increasing demands on Reserve forces have cost tens of thousands of Guard and Reserve members significantly in terms of their civilian retirement accrual, civilian 401(K) contributions and civilian job promotions. The Reserve retirement system must be adjusted to sustain its value as a complement to civilian retirement.

The nature of the contract has changed; Reserve Component members would like to see recognition of the added burden they carry. Providing an option that reduces the retired with pay age from 60 to 55 years carries importance in retention, recruitment, and personnel readiness. Failing to acknowledge and respond to the changed environment that Guard and Reserve members face will have far reaching effects on Reserve participation and career retention. In addition to the simple fairness of acknowledging the changed situation this would be another power recruiting and retention tool for the Services to have.

**Stress on Guard and Reserve Forces-** The Alliance urges that Congress provides additional resources for Reserve recruitment, retention, and family support to relieve enormous pressure on overstressed Guard and Reserve forces, as well as a moratorium and review of any manpower draw-downs at this time – when we are calling on these critically important assets to fight our nation’s wars.

**Guard/Reserve Family Support Programs-** We urge support and funding for a core set of family support programs and benefits that meet the unique needs of geographically dispersed Guard and Reserve families who do not have ready access to military installations or current experience with military life. Programs should promote better communication and enhance education for Reserve component family members about their rights and benefits and available services.

## **GUARD AND RESERVE HEALTH CARE**

The National Military and Veterans Alliance appreciates the steps you took in the last session of Congress by extending the TRICARE Reserve Select program to Select drilling Reservists. Yet many are not included.

Not all IRR members are eligible to join the Selected Reserve, some communities such as doctors and chaplains do not have enough pay billets. Retirees can be recalled, but are permitted to return to a pay status. A number of Federal Employee Health Benefit Plan beneficiaries have been mobilized, but will lose their eligibility on 1 Oct 2007. *The Alliance urges that Tier One eligibility be continued for qualifying members that have mobilized, but who aren't eligible for TRS under current laws.*

- Ensure that mobilized IRR members, retirees and FEHBP are eligible to qualify for Tier One TRICARE Reserve Select.

The Alliance also believes that federal payment of civilian health care premiums should be an option for mobilized Guard and Reserve members. Many families prefer to

maintain the continuity of their own health insurance rather than switching to TRICARE and frequently pick up the cost of their civilian premiums. *The Department of Defense should be able to pay employers the equivalent to the TRICARE premium costs for activated Reserve Component members.*

- Pay employers a stipend to continue mobilized Reservists civilian healthcare.

### **DEMOBILIZED DENTAL CARE**

Under the revised transitional healthcare benefit plan, Guard and Reserve who were ordered to active duty for more than 30 days in support of a contingency and have 180 days of transition health care following their period of active service.

Similar coverage is not provided for dental restoration. Dental hygiene is not a priority on the battlefield, and many Reserve and Guard are being discharged with dental readiness levels much lower than when they were first recalled. At a minimum, DoD must restore the dental state to an acceptable level that would be ready for mobilization, or provide some subsidize for 180 days to permit restoration from a civilian source.

Current policy is a 30 day window with dental care being space available at a priority less than active duty families.

*NMVA asks the subcommittee for funding to support a DoD's demobilization dental care program. Additional funds should be appropriated to cover the cost of TRICARE Dental premiums and co-payment for the six months following demobilization if DoD is unable to do the restoration.*

- Provide 180 days of restorative dental coverage following demobilization.

### **ISSUE 2: FORCE POLICY AND STRUCTURE:**

#### **Increase Defense Spending**

The Alliance urges the President and Congress to *increase defense spending to 5 percent* of Gross Domestic Product during the Global War on Terrorism to cover procurement and prevent unnecessary personnel end strength and benefit cuts.

#### **End Strength**

The NMVA supports funding increases in support of the end strength boosts of the Active Duty Component of the Army and Marine Corps that have been recommended by Defense Authorizers. New recruits need to be found and trained now to start the process so that American taxpayer can get a return on this investment. Such growth is not instantaneously productive.

- NMVA also hopes that this subcommittee would include language reminding the Department of Defense that once appropriated that each service should proactively recruit to try to attain these numbers.

With the Commission on the Guard and Reserve now active, it makes sense to put a moratorium on changes to End Strength until after they report back to Congress with

recommendations.

- NMVA urges this subcommittee to put a freeze on reductions to the Guard and Reserve manning levels.

### **ISSUE 3: SURVIVOR BENEFIT PLAN DEPENDENCY AND INDEMNITY COMPENSATION OFFSETS:**

#### **Eliminate the SBP/DIC Offset**

The Alliance strongly supports action that would end the offset that is applied to the military Survivor Benefit Plan (SBP) due to receipt of veterans Dependency and Indemnity Compensation (DIC).

As members of the Subcommittee know, SBP and DIC payments are paid for different reasons. SBP is provided through the Department of Defense to active-duty and retirement-eligible individuals with a spouse or children. In the case of a retiree, it is coverage elected and purchased by the retiree to provide a portion of retired pay to the survivor. DIC payments are provided through the Department of Veterans Affairs as a special compensation to a survivor when the service member's death comes as a result of or due to injuries received during military service.

Under current law, there is a dollar-for-dollar reduction in the payment of the SBP annuity for each dollar of DIC compensation. Survivors, upon eligibility for DIC, lose a majority -- or all too often -- the entire amount of their monthly SBP annuity. For survivors with a rank below E-6, this effectively negates most, if not all, of the SBP payment.

The adverse impact is a loss of \$1,067 per month, an amount equal to the flat monthly payment of DIC. But in a larger sense, it is a price paid by surviving families for the death of a spouse in service to the nation.

In the case of military retirees, they pay into the SBP program with the intention of providing an annuity for their survivors. They sign up believing their premium payments guarantee a certain percent of retired pay for the life of their survivor. It is not hard to imagine the shock of financial disadvantage when the survivors of these men and women who so loyally served the nation learn of the annuity reduction on receipt of the DIC compensation from VA.

Mr. Chairman, taking care of a servicemember's loved ones is a cost of war, just as providing equipment and ammunition. While we can never fully repay a wife or husband for the loss of their spouse, we can do better than to treat the two categories of assistance, one an annuity program and the other an indemnity, as though they were one and the same. Eliminating the offset between two different programs would support spouses and orphans left behind.

It is critical to The Alliance that we, as a nation, fix this inequity in law and keep faith



with the brave men and women who serve and have served in our military. These are the military who defend our national security, who risk life and limb to serve thousands of miles away from loved ones, and who made significant sacrifice to protect the lives of innocent men, women, and children.

Michelle Linn of Bonsall, California, recently wrote that her world changed when her husband, Marine Corps SSgt Aaron White, was killed in May 2003, two days after their daughter's first birthday. She is alone with one child to support, struggling to pay the rent, buy healthy food, and pay medical expenses. She is worried about the future. The majority of us here today are fortunate not to fully understand the dire situation she faces every day. Her story, however, is typical of those from more than 3,000 of other families who have recently lost loved ones in current military service. And it echoes the concerns of the more than 61,000 survivors currently caught in the offset trap.

Michelle Fitz-Henry, the surviving spouse of Senior Chief Petty Officer Theodore Fitz-Henry, tells us, "The service men and women who die in ... service to our country are no longer alive to fight for what meant most to them—their families." She adds, "A grateful nation must fight for them."

This is an important issue, and we urge you to fix the Survivor Benefit Plan and restore it to its full coverage as the servicemember intended it to provide. To reduce SBP dollar-for-dollar by DIC compensation, given for an entirely different reason, is unfair. *Fixing this problem is an issue of basic fairness, and your action to correct this significant inequity would be long remembered as an act of decency and compassion.*

### **Accelerate the "Paid-Up" Provision for SBP Premiums**

In 1999, Congress reduced the cost of the Survivor Benefit Plan (SBP) when it enacted the "paid-up" provision. The change in law stipulates that retirees who are at least seventy years old and have paid premiums for at least thirty years would be considered "paid-up" and would no longer have to continue paying premiums to remain covered under the program.

The legislative change was well received because it provides a modest boost in the retiree's income at a later stage in life. However, there was an inherent inequity contained in the language of the approved change. Congress delayed the effective date of this provision until October 2008.

As a result, any SBP enrollee on or after October 1, 1978, will enjoy the complete benefit of the paid-up provision. On that date, the individual would no longer have to pay 6.5 percent of their monthly-retired pay to provide a survivor annuity equal to 55 percent of base retired pay. However, those members who enrolled in SBP when it first came out in 1972, though receiving the same benefit, would have paid for up to 36 years to secure the same coverage for their survivors.

For some of our organizations' members, payment for coverage dates back before the enactment of the 1972 SBP program, yet they continue to pay. In fact, Sylvan Ash of

California (Retired Army) informs us that he elected to receive a reduced amount of retired pay in order to establish annuities for his survivors under the Uniformed Services Contingency Option Act of 1953, which was amended and renamed in 1961 as the Retired Serviceman's Family Protection Plan and later became SBP.

Passage of the "paid-up" provision was a good idea, but delaying the effective date leaves much to be desired. In simple terms, those who signed up before 1978, regardless of the name of the annuity program, get the same benefits but pay-in longer, six-years and more.

The Alliance understands that the entire package was approved to avoid and overcome certain budgetary accounting rules. However, we firmly believe that the arrangement is unfair, lacks appreciation for those who seek a modest annuity for their survivor, and should be fixed this year.

*We urge this Subcommittee to initiate legislation to accelerate the "paid-up" provision of the Survivor Benefit Program to see that retirees who are at least seventy years old and have paid premiums for at least thirty years no longer are required to pay premiums.*

#### **Related Survivor Matters: SGLI, Death Gratuity, and Child Only SBP**

Here, the Alliance wishes to express its gratitude for the recent increases in the Servicemembers' Group Life Insurance and the death gratuity provisions and the authority to transfer SBP to children.

However, it should be understood that SGLI has nothing to do with SBP as a survivor benefit. To consider SGLI as a vehicle to reduce the overall package of survivor assistance and support is mistaken. It is a separate life insurance policy. It is an optional program. Not every husband, wife, child or parent is covered. Servicemembers pay monthly premiums to carry its coverage, unless OEF/OIF deployed.

Regarding the death gratuity, The Alliance applauds your leadership in increasing the death gratuity payment. Its enhancements have given greater comfort to our military personnel and their families as they are called upon to defend America and defeat the goals of terrorists. As designed, it assists families as they try to put their lives back together. And your actions help honor the nation's obligation to these families.

However, The Alliance is troubled to hear that there are some apparent weaknesses in the application of the death gratuity payments. The problem in this program is that on occasion the forms naming the beneficiary do not keep pace with life's changes. Individual circumstances change over time, as we all know. For instance, a birth in the family may not be recognized on a servicemember's form or the marriage itself may occur after certain required forms are filled in or other changes forgotten in the rush of life. *NMVA urges Congress to review the management of the program to ensure it retains its integrity, and continues to protect families and avoid unattended outcomes.*

Regarding the SBP child option, The Alliance appreciates the opportunity for families to

avoid any SBP/DIC offsets and expand the availability of assistance under the SBP child option. However, we remain concerned that the presence of the SBP/DIC offset forces a family to select this option in order to receive an SBP benefit. We can do better and we should. *NMVA recommends that Congress give spouses the opportunity to switch back to Spouse Only when the child reaches the age of maturity.*

#### **ISSUE 4: RETIREMENT ISSUES:**

The member organizations of The Alliance deeply appreciate the commitment of the Subcommittee to ensure a strong retirement system that includes significant benefits for retirees following a full military career or a disability retirement. We look forward to an agenda this year that extends the record of achievement to include improvements in concurrent receipt and the former spouses protection act.

#### **Concurrent Receipt of Military Retired Pay and Veterans Disability Compensation.**

A grateful nation must keep faith with its military retirees. If a retiree has the misfortune of becoming disabled as a result of service, he or she can apply and receive VA disability compensation. To receive this compensation, however, the disabled retiree must waive, dollar-for-dollar, an equal amount of retired pay. No other federal employee is treated similarly, only the military.

Progress has been made in overturning the bar on disabled military retirees from collecting their full retirement for serving a minimum of 20 years in the service. Since the fiscal 2003 National Defense Authorization Act (NDAA) authorized a special compensation for certain military retirees injured in combat, Congress has advanced concurrent receipt to include benefits to most military retirees with combat related disabilities and to personnel with service-connected VA disability ratings of 50 percent or higher.

Changes in the old-way have moved policy in the right direction. Tens of thousands of disabled retirees welcome what Congress has done, yet many more disabled retirees await their inclusion. More can be done and it should.

*The Alliance has consistently urged members of the House Armed Services Committee (HASC) and other champions in Congress to press legislation for full and complete concurrent receipt for all disabled retirees. We believe this is the right thing to do.*

#### **Vets Forced Out Before 20-Year Retirement**

The Alliance also strongly supports extension of concurrent receipt to take care of servicemembers whose military careers were cut short because of an injury sustained in military service, the so-called forgotten Chapter 61 veterans. Most of these individuals never had the chance to choose a career. They were forced to retire medically before attaining 20 years of service.

Under current law, these individuals choose to receive either the medical retirement offered by DoD or the VA compensation for their rated injury. In nearly every case the

VA compensation, once settled, provides greater support. In effect, the injured soldier gives up all of his military medical retirement.

The Alliance believes strongly that taking care of our military is the right thing to do. These service personnel have sacrificed greatly to protect and defend our cherished freedoms. Their injuries have caused them to prematurely end military service. And at a time of war when we see the number and extent of injuries from Improvised Explosive Devices in the present generation of medical retirees, we believe these brave men and women deserve to get a better deal or to receive, at the very least, a better consideration.

*We should not penalize someone who is forced to leave the military short of 20 years because of a sacrifice they made as a dedicated soldier.*

#### **Individual Unemployability, Inability to Work**

To continue to chip away on the concurrent receipt issue, The Alliance also recommends the immediate phase-in of concurrent receipt for those retirees rated 100 percent disabled and unemployable by the Department of Veterans Affairs. In the 2006 NDAA, Congress accelerated the phase in of concurrent receipt for individuals rated 100 percent disabled as a result of Individual Unemployability.

*NMVA urges the members of the Subcommittee to treat all 100 percent disabled in the same manner. Provide immediate full concurrent receipt, not only to one portion of 100-percenters, but to all without making a division between one servicemember group and another also disabled at 100 percent.*

The Alliance looks forward to the time when the old policy on concurrent receipt is completely ended. We urge it be done this year. Once accomplished, we will have met the challenge of establishing a clear policy of national recognition for those who become disabled in service to their nation. It is something they earned and deserve.

#### **Joint POW/MIA Accounting Command (JPAC)**

Ensure JPAC funding is sufficient to investigate, recover, identify, and repatriate military remains from all sites currently identified.

#### **ISSUE 5: UNIFORMED SERVICES FORMER SPOUSES PROTECTION ACT (USFSPA):**

Stresses of War are causing an ever increase divorce rate in the Armed Forces. The Alliance urges the subcommittee to gather updates on USFSPA and amend the USFSPA to address the inequities found within the provision. NMVA recommends:

- Scheduling a hearing on the requirement to reform the USFSPA.
- Strengthen legislation to preclude state courts from dividing disability pay. Reiterate and reinforce the USFSPA's protection of disability pay.
- Enactment of legislation during the first session of the 110<sup>th</sup> Congress to:

- Prohibit the award of imputed income of divorcing active duty military members.
- Eliminate the “windfall benefit” and allow payments only to be tied to the rank at the time of divorce, not at the time of retirement.
- Limit the number of payments to an ex-spouse to be equal to the number of months married concurrently with military service.
- Establish a two-year statute of limitations on the time allowed an ex-spouse to claim USFSPA benefits after a divorce.
- Balance the criteria for the award of retired pay to a military member and his/her ex-spouse.
- Mandate education of the USFSPA to all servicemembers as part of their required annual training, (i.e. such as in conjunction with Ethics and the Prevention of Sexual Harassment annual training).

Our member organizations would like to see a number of reforms, including changes in the issuance of an imputed retirement annuity. Clearly, a servicemember is required to serve 20 years or more to be eligible for retirement pay. Yet a former spouse can claim a portion of the eventual retirement pay even in the case of a marriage lasting only a short period.

Other matters, which should be part of a hearing, were brought up in a DoD 2001 report to Congress. We encourage your review of this important subject and look forward to your actions on the most important USFSPA-related issues.

### **Preserving the Marriages and Families of Our Service Personnel**

We also believe that the Subcommittee needs to take a hard look at the rising number of marriages and families that will be forfeit by the current war deployments and continued use of the same set of troops to carry on the fights. Frankly, the same folks cannot do it, year after year, without the loss of their families.

Congressional and military leaders need to make a continued commitment to support military personnel and their families. We support marriage, but we also recognize the reality of divorce, which is especially prevalent in the military due a number of unique challenges in military life—frequent moves and a high tempo of operations. With dwell time being reduced and involuntary deployments rising, now is a good time for the Subcommittee to focus on the importance of preserving the marriages and families of our service folks.

### **ISSUE 6: MILITARY HEALTH CARE:**

#### **DoD Health Care: Proposals Raise Concern**

The National Military and Veterans Alliance must once again express our gratitude to this Committee for your continued focus on the numerous and important quality of the life issues, in particular the current state of the military health care system and the moratorium placed on proposed initiatives by the Department of Defense.

The Defense blueprint for military healthcare raises serious concern to the Alliance. DoD continues to recommend saving \$1.8 billion through sharp increases in TRICARE fees and higher co-pays for pharmaceuticals for 3.1 million retirees under age 65 and their families.

The assertion behind the proposals is to have working-age retirees and family members pay a larger share of TRICARE costs or use civilian health plans offered by employers. Frankly, we are deeply troubled that DoD would aim to discourage retirees from using their earned benefits with the military medical system, by forcing more than 100,000 retirees to leave their TRICARE coverage due to added costs.

In all candor, the Alliance is not comfortable with recommendations submitted by Pentagon leadership suggesting that updated and improved military benefits were damaging national security. Alliance members do not see this as an equitable exchange, where benefits earned in career military service must be shaved because this cost is purported to impact equipment and readiness accounts.

What we see and hear disturbs us, because the Department of Defense appears to be waiting until 1 October 2007, when they regain their authority to increase TRICARE prime fees. The Alliance is concerned that the Pentagon has yet to prove the actual costs and may use the Congressionally mandated Task Force on the future of DoD Health care as a feign to avoid a serious evaluation toward cost savings. We further believe the TRICARE increases are excessive by any measure. If this plan were enacted, it would demonstrate that the promised earned benefits of a military career are not viewed as a priority.

It is imperative that the administration and Congress do the right thing. To renege on the commitment to provide adequate funding for benefits earned through a career in armed service would send the wrong signal to those who now serve and have served in America's Armed Forces, especially during a time of war. Allowing DoD a chance to implement increases without a careful examination would send the wrong message to the military community and would greatly influence retention and recruitment.

*The Alliance supports extending the moratorium on fee increases until Congress has received all reports, the Task Force on the future of DoD Healthcare has completed its report, and time is permitted to allow proper analysis of all this information by both Congress and the beneficiaries.*

### **Budget Priorities**

The Alliance has faith in our leaders, but doesn't want to rush to quick solution. Before we begin whacking at our military's earned benefits, let us make certain that we use our best wisdom to select our most important programs over our lesser important ones. And let us not forget, we are at war.

If our defense budget is insufficient to cover our national security requirements, as the Joint Chiefs of Staff say it is, then why do we continue to spend billions on non-defense,

non-federal and non-essential programs and projects. Let take time and work together to sort out the matter and use common sense to reach a balanced and reasonable analysis of the predicament, especially when our courageous troops are engaged in battle overseas.

The National Military Veterans Alliance questions the budgetary assumptions behind the Department of Defense proposals. The Department assumes that these increased enrollment fees and cost shares will increase revenue and save money by forcefully migrating entitled beneficiaries to preferred programs or out of the TRICARE program all together. Thus, the Department of Defense has begun to reduce its budgetary request for health care. However, there is no guarantee that the numbers projected by the Department will actually disenroll. In fact, as civilian health care costs continue to rise at rates above general inflation, more eligible beneficiaries may migrate to the Defense Health Program.

- The Alliance strongly supports H.R. 579, a bill to prohibit certain increases in fees for military health care and effectively placing TRICARE fee increases under Congressional supervision.

By removing DoD authority to increase TRICARE fees, the Military Retirees' Health Care Protection Act or legislation similar to it would help ensure the Federal government promise of health care for life to the brave men and women who serve a career in military service. Your action in this matter would send the right signal to those who serve, have served or are thinking about serving in America's Armed Forces, especially in wartime.

- The Alliance asks Congress to continue to reject of the DoD proposed increases.

The Alliance asks the subcommittee to reject the DoD proposed increases and ensure adequate funding is provided to maintain the value of the healthcare benefit provided those men and women willing to undergo the hardships of a military career.

- Full Funding for the Defense Health Program.

The Alliance applauds the subcommittee's role in providing adequate funding for the Defense Health Program (DHP) in the past several budget cycles.

The NMVA is extremely concerned that if the assumed level of beneficiary migration does not occur, especially as it appears the Department has not fully taken into account additional beneficiaries under TRICARE Reserve Select, the Defense Health Budget will have a very serious financial short fall.

The President's proposed budget under funds the DHP for FY-2008. The National Military and Veterans Alliance urges the subcommittee to continue to ensure full funding for the Defense Health Program including the full costs of all new programs.

### **Comparison with Civilian Plans**

The Department of Defense suggests "civilianizing" the Defense Health Program (DHP).

The comparison of the two programs is totally inappropriate. Military service, endured for however many years in uniform necessitates a much more robust health care retirement benefit, than the average citizen would need. Our military retirees have earned low-cost or even free healthcare for life as a benefit for their many years of dedicated service. Family members, who move on average, every 2-4 years while on active service, are not allowed the opportunity for continuity of health care. They too deserve some stability in their health care.

- The National Military and Veterans Alliance urges the Subcommittee to ensure that we meet our promises and obligations to these brave men and women and their families and provide them the best healthcare available at the lowest possible cost.

### **TRICARE Standard Fee**

The Alliance is still concerned with DoD's proposal to implement new enrollment fees and increase the deductible for TRICARE Standard. This earned benefit is more than just a fee-for-service program. Standard is the cornerstone of the military health system's purchased care programs. Standard is the first line of care for our service members and an entitlement.

The program includes many eligible beneficiaries who do not have the option of enrolling in TRICARE Prime, the managed care program. While beneficiaries enrolled in Prime pay an enrollment fee, for a lower co-payment they also receive greater service, guaranteed access to care and timeliness standards.

TRICARE Standard program has been sadly neglected. The recruitment and education of providers who reside outside of the Military catchment areas has been passed along from one entity to another without a sense of ownership. Most important, the cost of the program to the beneficiary is seen as extremely high when compared to TRICARE Prime. The Standard beneficiary pays much more than the 25 percent of the cost share for doctor visits and the extremely high inpatient costs of \$535 per day.

- The Alliance urges the subcommittee to reject any additional TRICARE Standard fees or increased deductibles.

### **TRICARE Pharmacy Programs**

The DoD budget proposed a 67 percent increase in retail formulary pharmacy fees for all members and families eligible for military health care, because it costs the government twice as much for a drug through the TRICARE Retail Pharmacy program (TRRx) than it does for the same drug through the TRICARE Mail Order Pharmacy Program (TMOP). DoD believes the rise in the TRRx co-payments will increase revenue and forcefully migrate beneficiaries to the TMOP program, where the costs for their prescriptions are lower.

However, the Alliance feels that a primary reason for the higher cost to the Department of Defense in the retail sector is due to DoD not receiving the anticipated Federal Pricing



schedule for TRRx. Nor did DoD negotiate other discounts or price breaks with any pharmaceutical companies, which could have saved considerable dollars. TMOP and MTF pharmacy programs did receive these pharmaceutical discounts.

Further DoD under estimates the participation levels in TMOP, and doesn't aggressively market to or educate beneficiaries to use the mail order program. Savings can be found for both the beneficiary as well as the Department to use TMOP.

- The NMVA urges the Subcommittee to direct DoD to develop and use an active marketing plan for beneficiary use of the mail order program.

### **TRICARE RETIREE DENTAL PLAN (TRDP)**

The focus of the TRICARE Retiree Dental Plan (TRDP) is to maintain the dental health of Uniformed Services retirees and their family members. With the Global War on Terrorism becoming the Long War, more and more active duty and Reserve retirees are being reactivated.

*If the Department is making retirees deployment eligible, it also should assist retirees in maintaining their dental readiness by providing a government cost-share for the retiree dental plan.*

### **ISSUE 7: COMMISSARY AND EXCHANGE BENEFITS:**

The Alliance still views commissary and exchange benefits as a compensation promise to both our active and retiree members. There is an ongoing need to maintain and improve commissary and exchange benefits. NMVA urges Congress to:

- Ensure full funding of the current commissary system to assure continuation of the benefit and to preclude an increase in the customer surcharge.
- Encourage the Departments of Defense and State to negotiate with host countries under the Status of Forces Agreement (SOFA), to allow U. S. military retirees at all overseas locations to use military commissaries and exchanges.
- Stop any initiative that suggests commissary privatization or consolidation with exchange services.
- Stop any initiatives to consolidate or privatize the military exchange services.
- Provide two years of transition military resale benefits for veterans following separation from active duty.
- Assure continuation of second destination transportation funding for overseas shipment of commissary and exchange goods.

### **ISSUE 8: ARMED FORCES RETIREMENT HOMES:**

Following Hurricane Kristina, Navy/Marine Corps residents from AFRH-Gulfport were evacuated from the hurricane-devastated campus and were moved to the AFRH-Washington, D.C., campus. Dormitories were reopened that continue to need refurbishing.

- NMVA urges this subcommittee to fund upgrades to the Washington, D.C., facility, and also provide funding to rebuild the Gulfport facility.

### **CONCLUSION:**

The National Military and Veterans Alliance Appreciates the Opportunity to Testify Before the Military Personnel Subcommittee.

The National Military and Veterans Alliance thanks you for your leadership and commitment on the core issues of the military retirement program and survivor benefits plan. And we thank you, as well, for holding this hearing and allowing us a chance to present testimony.

Over the years, your panel's leadership has helped make it clear that the military retirement package continues to be a high priority, and you have our appreciation and support in remembering those brave men and women who serve and have served in uniform.

The Alliance is thankful for the work you have done to establish a clear policy of national recognition for those who serve. We sincerely appreciate your vigilance in efforts to improve earned benefits, and we look forward to working with you and others in the Congress to protect, strengthen and improve the benefits America's servicemembers earned and deserve.

## CURRICULUM VITAE AND ORGANIZATIONAL DISCLOSURE STATEMENTS

### **Marshall Hanson, CAPT USNR (Ret)**

Co-Director, National Military and Veterans Alliance,  
and Legislative Director, Reserve Officers Association.

Marshall Hanson became the Legislative Director of the Reserve Officers Association on 12 September 2005, two years after joining the ROA staff as the Naval Services Director. He brought to the ROA experience as the full time Director of Legislation for two other associations, Naval Reserve Association and the National Association for Uniformed Services.

He is the co-director of the National Military Veteran's Alliance, has been chairman of the Navy Marine Corps Council, and chairman for the Tax Committee in the Military Coalition. He has gone through more than seven legislative cycles.

Recently retired from the Naval Reserve, Marshall Hanson served as a Captain (0-6) with a military career spanning over 30 years of active and inactive (drilling) status. He served afloat in Vietnam, and has had additional duty assignments to India, S. Korea, Okinawa, and Japan. He has commanded seven Naval Reserve units, and served as a member of the Navy's Physical Evaluation Board.

Marshall is a graduate with distinction of the Naval War College. He holds an MBA in marketing, from the University of Washington, Seattle. Following 20 years in industry, Marshall Hanson left Seattle, Washington with his wife Deborah and their two daughters to accept a legislative position in May of 1999.

### **Richard "Rick" Jones**

Legislative Counsel, National Military and Veterans Alliance  
and Legislative Director, National Association for Uniformed Services

Richard "Rick" Jones joined NAUS as Legislative Director on September 1, 2005. As legislative director, he is the primary individual responsible for promoting NAUS legislative, national security, and foreign affairs goals before the Departments of Defense and Veterans Affairs, and the Congress of the United States.

Rick is an Army veteran who served as a medical specialist during the Vietnam War era. His assignments included duty at Brooke General Hospital in San Antonio, Texas; Fitzsimons General Hospital in Denver, Colorado; and Moncrief Community Hospital in Columbia, South Carolina.

Rick completed undergraduate work at Brown University prior to his Army draft and earned a Master Degree in Public Administration from East Carolina University in Greenville, North Carolina, following military service.

Prior to assuming his current position, Rick served five years as National Legislative Director for AMVETS, a major veterans service organization. He also worked nearly twenty years as a legislative staff aide in the offices of Senator Paul Coverdell, Senator Lauch Faircloth, and Senator John P. East. He also worked in the House of Representatives as a committee staff director for Representative Larry J. Hopkins and Representative Bob Stump.

In working for Rep. Stump on the House Committee on Veterans' Affairs, he served two years as minority staff director for the subcommittee on housing and memorial affairs and two years as majority professional staff on funding issues related to veterans affairs' budget and appropriations.

Rick and his wife Nancy have three children and reside in Springfield, Virginia.