Statement by

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To The
Senate Committee on Armed Services
Subcommittee on Personnel
On
The Department of Defense
Health Care Concerns

Mr. Chairman and distinguished committee members, on behalf of the 150,000 members of the Air Force Sergeants Association (AFSA), thank you for this opportunity to offer our views on health care concerns within the Department of Defense. AFSA membership consists of enlisted active and retired members of all components of the United States Air Force, and their family members and survivors.

The promise of Afree@lifetime health care is one of the major reasons many military members and their families endured the hardships of military life. The significant abrogation of that promise has many of these retired military members and their families asking why they lived up to their end of the bargain, but the United States Government has not. Especially important to older retirees is a universal pharmacy benefit. We are continually asked by Medicare-eligible retirees why they lose coverage for drugs at the time in life when they need them the most.

Mr. Chairman, although much still needs to be done to provide health care for all military health services beneficiaries, we thank you for the interest this committee has taken on their behalf. The Medicare Subvention and the Federal Employees Health Benefits Program Demonstration Projects send a message to all retirees that Congress is finally starting to listen to their concerns and taking action to meet them.

PHARMACY

The best way to describe the pharmacy benefit available to Department of Defense Medicare-eligible health services beneficiaries is uneven. It largely depends on where one lives. If you reside near a military installation with a major medical facility, you can Anormally@ get the drugs you need; if you reside near a military installation with a clinic you may or may not get the drugs you need; and if you reside away from any military installation, you are left on your own.

The primary focus of this hearing is the requirement in the Fiscal Year 1999 Strom Thurmond Department of Defense Authorization Act that the Department of Defense submit a plan to Congress not later than March 1, 1999, for a system-wide redesign of the military pharmacy system. I would note that today is March 10, 1999, and the Department of Defense is still trying to formulate the plan. Apparently, after Atearing apart@ the current system to find increased efficiencies, Aputting it back together@ in a cohesive manner is much harder than envisioned by DoD. We wonder if the problem is finding the money necessary to pay for the expanded benefit that Congress mandated. AFSA is concerned that DoD=s solution will require either co-payments for drugs at a military treatment facility or a monthly fee for Medicare-eligibles to use the pharmacy program. *Either of these solutions is unacceptable and will be viewed as a violation of one more health care promise.* DoD health services beneficiaries don=t care whether the money comes from increased efficiencies from within the pharmacy program or from additional funds from Congress -- they want access to a DoD pharmacy benefit no matter where they live or how old they become.

TRICARE CLAIMS

A major concern for both civilian TRICARE providers and beneficiaries is the cumbersome and unresponsive TRICARE claims process. Many providers experience long delays in receiving payments and have difficulties many times in contacting TRICARE claims processors to resolve processing difficulties. Although many think that the low payment levels authorized by TRICARE would drive away doctors, the number one reason cited by doctors is the difficulty in claims processing.

From the perspective of individual beneficiaries, claims processing difficulties can result in repeated notices from providers or, even worse, having their accounts turned over to a collection agency (which jeopardizes their credit ratings if they fail to pay the claims out of their own pockets).

TRICARE STANDARD CATASTROPHIC CAP

The TRICARE Standard catastrophic cap for out of pocket expenses is still $7,500 for retirees. This cap is much higher the most civilian fee-for-service health care plans which traditionally set annual limits between $2,000 and $3,000. AFSA asks this committee to reduce the catastrophic cap to $3,000.

WAIVER OF MEDICARE PART B LATE ENROLLMENT FEE

Many older military retirees turned down Medicare Part B when they first became eligible because they believed they could get their medical care at a nearby military hospital. Now because of base closure actions, these retirees are faced with the difficult proposition of going without hospital insurance (Medicare Part B) or must pay a late enrollment fee. There are approximately 12,000 people affected by this situation. AFSA asks this committee to support a waiver of the Part B late enrollment fee for those members affected by base closures or medical facility downsizing.

TRICARE REIMBURSEMENT WITH OTHER INSURANCE

In 1995, the Department of Defense reinterpreted the billing limit in cases where a military health services beneficiary has other medical insurance. Prior to the change, TRICARE (CHAMPUS) would pay up to the 75 percent of the TRICARE Aallowable charge.@ For instance, if TRICARE allowed $200 for a procedure, TRICARE would pay up to $150. Therefore if the member=s Aother insurance paid the first $150, TRICARE would reimburse for the remaining $50. Since the change, TRICARE will reimburse the member only if the member=s other insurance pays less than the TRICARE allowable charge. Using the same example, TRICARE would no longer reimburse the member for the $50 remaining charge since the member=s other insurance has already paid an amount equal to the TRICARE allowable charge. We believe this change in policy unfairly penalizes beneficiaries with other health insurance plans.

TRICARE RECIPROCITY AND PORTABILITY

DoD has issued a policy memorandum stating reciprocity and portability are a TRICARE Prime benefit. We applaud DoD for this initiative, but the reality of the situation is that there

is still not universal reciprocity where an enrollee in one region can get medical care in another, or portability where one can change enrollments between regions without the loss of coverage. This situation should be corrected immediately.

OTHER AREAS OF CONCERN

TRICARE, and specifically TRICARE Prime, the current and future health care system for the Department of Defense, was designed to be a Amanaged care@ program. Over the course of the past several years, it seems it has become a Amanaged cost@ system. Hardly a month goes by without a news story of another major group of health care providers leaving the TRICARE Prime network. Reasons given are low and slow reimbursement and concerns from the standpoint of ensuring the continuity of care for TRICARE Prime beneficiaries.

Depending on the space and services available in a military treatment facility (MTF), patients are often sent back and forth between providers in the MTF and those in a civilian network. In civilian HMOs, the enrollee=s primary care manager is kept informed of all treatments, medications and other services provided to the patient, and the PCM exercises oversight for all medications to preclude adverse drug interaction. Under TRICARE Prime, this is not happening because there is no, or at best limited, communication between civilian network providers and the PCM in the MTF. This leaves the responsibility for overall coordination of care with the patient.

CONCLUSION

As younger retirees see what is happening to health care for Medicare-eligible military retirees they question their government=s commitment to their military health care benefits. We can also tell you that this questioning is not limited to retirees. Active duty military members of all ages and grades are also questioning what will be there for them. While military pay, retirement and the operations tempo have received much of the attention during the current recruiting and retention difficulties, we would suggest if you Ago into the trenches@ and talk to the troops, health care needs to be added to that list.

AFSA members appreciate the long-time support this committee has shown for quality-of-life improvements for Air Force enlisted members. Again, thank you for this opportunity to share our thoughts on these important health care issues. As always, AFSA is ready to assist you and all the members of this committee on matters of mutual concern.