



**DEPARTMENT
of HEALTH
and HUMAN
SERVICES**

Fiscal Year

2017

Retirement Pay and Medical
Benefits for Commissioned
Officers

*Justification of
Estimates for
Appropriations Committee*

RETIREMENT PAY AND MEDICAL BENEFITS FOR COMMISSIONED OFFICERS

	FY 2015	FY 2016	FY 2017	FY 2017 +/-FY 2016
Retirement Payments	\$420,988,604	\$ 438,428,448	\$457,459,332	19,930,884
Survivor's Benefits	29,009,853	30,158,924	31,559,427	1,400,503
Medical Care Benefits	120,609,935	128,422,277	141,390,437	12,968,160
Accrued Health Care Benefits	27,958,911	26,456,214	26,255,631	-200,583
Total	\$598,567,303	\$623,465,863	\$656,664,827	\$33,198,964

Authorizing Legislation 42 U.S.C., Chapter 6A; 10 U.S.C., Chapter 73; 10 U.S.C., Chapters 55; and Section 229(b) of the Social Security Act.

FY 2017 Authorization.....Indefinite.

Rationale for Budget

This appropriation provides for retirement payments to Public Health Service (PHS) Commissioned Corps officers who are retired for age, disability, or a specific length of service as well as payments to survivors of deceased retired officers who had elected to receive reduced retirement payments.

This appropriation also funds the provision of medical care to active duty and retired members of the Corps under the age of 65, dependents of active duty and retired members, and dependents of deceased members. This account includes payments to the Department of Defense (DoD) Medicare-Eligible Retiree Healthcare Fund for the accrued costs of health care for beneficiaries over the age of 65.

The Accrued Health Care Benefits amount is a per officer estimate provided by the DoD Office of the Actuary, multiplied by the estimated total number of active duty positions (6,787 in FY 2017), for a baseline contribution of \$28,593,631. This budget assumes savings from FY 2017 Department of Defense legislative proposals, yielding a total of \$26,255,631. The FY 2017 estimate is a net decrease of \$200,583 over the FY 2016 level.

The overall request reflects increased costs in medical benefits, an average increase of 4.3% over the past five years in Retired Pay, and a net increase in the number of retirees and survivors during FY 2017.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022

Retirement Payments	477,316,291	498,035,181	519,653,417	542,210,037	565,745,773
Survivor's Benefits	33,024,965	34,558,559	36,163,369	37,842,703	39,600,020
Medical Care Benefits	155,668,130	171,387,593	188,694,417	207,748,895	228,727,506
Accrued Health Benefits	30,452,217	31,774,057.81	33,153,276	34,592,362	36,806,273
Total ¹	\$696,461,603	\$735,755,391	\$777,664,479	\$822,393,997	\$870,879,572

¹ Baseline Totals; does not include DoD legislative proposals.