



Statement of  
The Fleet Reserve Association  
on  
Military Health Care

Presented to:  
Subcommittee on Military Personnel  
House Armed Services Committee

By

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## **THE FRA**

The Fleet Reserve Association (FRA) is a leading advocate on Capitol Hill for enlisted active duty, Reserve, retired and veterans of the Navy, Marine Corps, and Coast Guard. It is Congressionally Chartered, recognized by the Department of Veterans Affairs (VA) as an accrediting Veteran Service Organization (VSO) for claim representation and entrusted to serve all veterans who seek its help. In 2007, FRA was selected for full membership on the National Veterans' Day Committee.

FRA was established in 1924 and its name is derived from the Navy's program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of active duty, but less than 30 years for retirement purposes. During the required period of service in the Fleet Reserve, assigned personnel earn retainer pay and are subject to recall by the Secretary of the Navy.

FRA's mission is to act as the premier "watch dog" organization in maintaining and improving the quality of life for Sea Service personnel and their families. The Association also sponsors a National Americanism Essay Program and other recognition and relief programs. In addition, the newly established FRA Education Foundation oversees the Association's scholarship program that presented awards totaling nearly \$120,000 to deserving students last year.

The Association is also a founding member of The Military Coalition (TMC), a 33-member consortium of military and veteran's organizations. FRA hosts most TMC meetings and members of its staff serve in a number of TMC leadership roles.

FRA's motto is: "Loyalty, Protection, and Service."

### **CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS**

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

### **OVERVIEW**

The Fleet Reserve Association (FRA) is an active participant and leading organization in the Military Coalition (TMC) and strongly supports the extensive recommendations addressed in the TMC testimony prepared for this hearing. The intent of this statement is to address issues of particular importance to FRA's membership and the Sea Services enlisted communities.

## INTRODUCTION

Mr. Chairman, the Fleet Reserve Association salutes you, members of the Subcommittee, and your staff for the strong and unwavering support of programs essential to active duty, Reserve Component, and retired members of the uniformed services, their families, and survivors. The Subcommittee's work has greatly enhanced care and support for our wounded warriors, and improved access to health care for all beneficiaries. This support is critical to military readiness and invaluable to our uniformed services engaged throughout the world fighting the global War on Terror, supporting other operational requirements and fulfilling commitments to those who've served in the past.

FRA supports a defense budget of *at least* 5 percent of GDP that will adequately fund both people and weapons programs. The current level of defense spending (4.7 percent including supplemental spending in FY 2010) is significantly lower than past wartime periods as a percentage of GDP and the Association is concerned that the Administration's five-year spending plan of one percent above inflation may not be adequate to sustain the war effort and other operational commitments.

The Association thanks this distinguished Subcommittee for ensuring adequate funding for the Defense Health Program (DHP) in order to meet readiness requirements, fully fund TRICARE, and improve access for all beneficiaries regardless of age, status or location. Sufficiently funding health care and benefits for all beneficiaries is part of the cost of defending our Nation. As stated in Sec. 2: Findings and Sense of Congress from The Military Healthcare Protection Act (S. 604) in the 110<sup>th</sup> Congress, (3) The demands and sacrifices are such that few Americans are willing to bear or accept them for a multi-decade career; and (4) A primary benefit of enduring the extraordinary sacrifices inherent in a military career is a range of extraordinary retirement benefits that a grateful Nation provides for those who choose to subordinate much of their personal life to the national interest for so many years.

## TRICARE

Ensuring adequate funding the Military Health System (MHS) and VA health care is FRA's top legislative priority and important to every segment of our membership, Auxiliary and widows. This is reflected in responses to the Association's 2011 online survey completed in February, which revealed that over 90 percent of all active duty, Reserve, retired, and veteran respondents cited health care access as a critically important quality-of-life benefit associated with their military service.

It's important to note that higher health care costs are not unique to the military, and FRA appreciates the Subcommittee's opposition to past proposals to drastically increase TRICARE fees and pharmacy co-pays. Our membership believes there are management efficiencies and cost saving initiatives that can significantly offset higher costs – something first referenced in FRA's 2006 testimony on these issues before the Senate Armed Services Personnel Subcommittee. An example of these is the expanded use of the more economical pharmacy home delivery option for prescriptions, which saved the department over \$30 million in 2010.

FRA also notes recommendations in recent Government Accountability Office (GAO) testimony before the House Committee on Oversight and Government Reform which identified federal programs, agencies, offices and initiatives that have duplicative goals or activities. Number two on a list of 81 areas for consideration is realigning DoD's military medical command structures and consolidating common functions to increase efficiency which would result in projected savings of from "\$281 million to \$460 million" annually. In addition, GAO cites opportunities for DoD and the Department of Veterans' Affairs (VA) to jointly modernize their respective electronic health record systems, and also control drug costs by increasing joint contracting.

FRA also believes that identifying a permanent solution to pending cuts in Medicare physician reimbursement rates is integral to ensuring access to care for all beneficiaries seeking care outside the MHS or under TRICARE for Life. Congress has repeatedly punted on this matter and the latest extension preventing cumulative reimbursement rate cuts now totaling 29.5 percent expires on December 31, 2011. The Association supports a further two-year extension included in the Administration's 2012 Budget, however, a permanent fix is sorely needed.

### **HEALTH CARE FEES PROPOSAL**

Regarding the Administration's 2012 health care fees proposal, the Association believes first and foremost that military service is unlike any other civilian career or occupation. Associated with this reality and maintaining readiness, are commitments to provide health care and other benefits for career personnel after their service careers. As stated in the Senate testimony referenced above, "Providing and funding health care benefits for all beneficiaries is part of the cost of defending our Nation." It's also important to remember that only about one percent of the population is currently serving in the uniformed services to defend our freedoms and prosecute the continuing war efforts.

The Department of Defense's lax management of health care fees since TRICARE was established in 1995 led to drastic fee hike proposals from 2006 to 2008 including a TRICARE Standard enrollment fee which would not enhance access to care for beneficiaries in that program.

Bipartisan legislation was subsequently introduced in successive Congresses that would shift oversight responsibilities from DoD to Congress (the most recent was H.R. 816 sponsored by Reps. Chet Edwards and Walter Jones in the 111<sup>th</sup> Congress), and a Senate bill in the 110<sup>th</sup> Congress (S.604 referenced above sponsored by Senators Lautenberg and Hagel). If enacted, the Senate bill would have prohibited health care fee adjustments from exceeding the annual Consumer Price Index (CPI), which determines military retired pay adjustments and other federal benefits pegged to inflation. FRA supported these bills in previous Congresses.

Compared to past proposals, the 2012 TRICARE fee changes are more reasonable – however, the 2012 adjustments characterized by DoD as "modest" are only part of the plan and the Association is very concerned about the yet-to-determined annual

adjustment index for TRICARE Prime fees in 2013 and beyond.

FRA supports other aspects of the proposal including the elimination of co-pays for generic drugs dispensed via TRICARE's Home Delivery pharmacy program to encourage expanded use of this program – and survivors and medically retired personnel are not impacted by the proposal. There are also no active duty fee increases, no changes to TRICARE Standard - and something especially important to Medicare eligible retirees – no additional TRICARE for Life fees.

### **HEALTH CARE INFLATION**

As noted above, the Bureau of Labor Statistics' Consumer Price Index (CPI) is the basis for annual retired pay adjustments and absent a baseline statutory measure for determining health care costs, this index is integral to examining proposals to adjust TRICARE Prime enrollment and other health care related fees.

DoD cites a 6.2 percent assumption with regard to adjustments for 2013 and beyond while acknowledging a number of health care inflation indexes. FRA's research found that one-year Standard & Poor's (S&P) Healthcare Economic Indices through November 2010 ranged from 2.71 percent (S&P Healthcare Hospital Medicare Index) to 6.27 percent (S&P Healthcare Economic Composite Index), to 9.04 percent (S&P Healthcare Economic Commercial Index). And a January 20, 2011 press release on this data states that "Average per capita cost of healthcare services covered by commercial insurance and Medicare programs rose 6.27 (percent)," which is perhaps the benchmark DoD actuaries used in conjunction with projected multi-year savings associated with annual health care fee adjustments for military retirees.

### **USFHP AND COMMUNITY HOSPITALS REIMBURSEMENTS**

The plan also would require new Uniformed Services Family Health Plan (USFHP) beneficiaries to enroll in Medicare Part B and shift to Medicare as primary provider at age 65 – a change that would impact future enrollees to this highly regarded program which serves approximately 115,000 beneficiaries in six areas throughout the U.S.

Although the FRA does not have expertise on the proposed adoption of Medicare payment rules at over 400 Sole Community Hospitals over four years, we understand that perhaps 20 of the facilities are near military bases and request consideration and/or analysis of the impact of these changes with regard to ensuring future access to care for TRICARE beneficiaries at these hospitals.

## CONTINUED ATTENTION TO IMPROVED SERVICE AND COST EFFICIENCIES

FRA continues its strong advocacy regarding the need to improve service, streamline operations and further identify and implement cost saving measures within DoD, all of which are essential to maintaining readiness and fulfilling commitments made to all beneficiaries. The Association notes the elimination of 780 contract positions in conjunction with streamlining TRICARE Management Activity functions along with increasing inter-service cooperation and co-locating medical headquarters operations.

## WOUNDED WARRIOR CARE

FRA appreciates the extraordinary efforts by this Subcommittee to help our wounded warriors. Last year this Subcommittee authorized a monthly stipend under the DoD family caregiver program for catastrophically injured or ill wounded warriors that is equal to the caregiver stipend provided by the Department of Veterans' Affairs (VA). Unfortunately, this program of which the Veterans' Affairs Committees have jurisdiction, has yet to be implemented.

A recent Navy Times survey on wounded warrior care (November 29, 2010) indicates that 77 percent of caregivers have no life of their own; 72 percent feel isolated; and 63 percent suffer from depression. The new program will help many caregivers, however, the enactment and implementation of the legislation is only the first step and effective oversight and sustained funding are also critical to ensuring future support for these caregivers.

FRA supports additional changes detailed in the full TMC statement which include establishing a permanent independent office for the DoD/VA Interagency program with expanded authority to include oversight of all components of achieving a true seamless transition; authorizing active duty TRICARE benefits, regardless of accessibility of VA care, for three years after medical retirement to help ease transition from DoD to VA; and extending and making permanent the charter of the "Special Oversight Committee" to ensure improved and enduring coordination with DoD and VA initiatives to help wounded warriors.

## DES

In response to the Dole/Shalala commission report a pilot program was created (NDAA-FY 2008 – Public Law 110-181) known as the Disability Evaluation System (DES). The pilot provides a single disability exam conducted to VA standards that will be used by both VA and DoD and a single disability rating by VA that is binding upon both Departments. This is a common-sense approach that FRA believes will reduce bureaucratic red-tape and help streamline the process and warrants expansion to the entire disability rating system. Despite jurisdictional concerns, the Association urges the Subcommittee to provide oversight as the DES is implemented. According to a recent GAO report the new system takes 10 months to traverse as compared to the current system that on average takes about 18 months.

Achieving an effective delivery system between DoD and VA to guarantee seamless transition and quality services for wounded personnel, particularly those suffering from Post Traumatic Stress (PTS) and Traumatic Brain Injuries (TBI) is very important to our membership. DoD should also make every effort to de-stigmatize mental health conditions that should include outreach, counseling, and mental health assessment for all service members returning from the combat zone.

### **SUICIDE RATES**

FRA is deeply concerned about military suicide rates. Active duty suicides have been reduced or at least leveled off, but suicides for non-active duty Reserve Component are increasing.

For example, the Marine Corps ended calendar year 2010 with suicides at a three-year low. The service reported 37 confirmed or suspected suicides in 2010 as compared to 52 in 2009, and 173 Marines attempted suicide in 2010, which is nine more than the previous year. And the Navy reports a decline from 46 per 100,000 personnel in 2009 to 38 in 2010. Despite this, attempted suicides have increased since 2006.

Intervention has been helpful for active duty personnel but suicides for the Reserve Component (RC) not on active duty are increasing. Regarding these, (all services and Guard), 145 suicides were reported for 2010 which reflects a significant increase from 80 suicides the previous year.

RC members returning from deployment face stressful and seemingly insurmountable problems including home foreclosures, divorce, debts, and loss of employment. To help address these issues, FRA supports legislation (HR 208) sponsored by Rep. Thomas Rooney that authorizes reimbursement for mental health counseling under TRICARE.

### **CONCLUSION**

FRA is grateful for the opportunity to present these recommendations to this distinguished Subcommittee.

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**MASTER CHIEF JOSEPH L. BARNES, USN (RETIRED)**  
National Executive Director, Fleet Reserve Association

Joseph L. (Joe) Barnes is a retired Navy Master Chief and serves as the Fleet Reserve Association's (FRA's) National Executive Director. He is a member of FRA's National Board of Directors, chairs the Association's National Committee on Legislative Service, and is responsible for managing the organization's National Headquarters in Alexandria, VA. In addition, he is president of the newly established FRA Education Foundation, which oversees the Association's scholarship program that presents awards totaling nearly \$100,000 to deserving students each year.

Barnes joined FRA's National Headquarters team in 1993 and prior to assuming his current position in 2002, he served as FRA's Director of Legislative Programs. During his tenure, the Association realized significant legislative gains, and was recognized with a certificate award for excellence in government relations from the American Society of Association Executives (ASAE).

In addition to his FRA duties, Barnes is Co-Chairman of the Military Coalition (TMC) and co-chairs TMC's Personnel, Compensation and Commissaries Committee. He is also a member of the Defense Commissary Agency's Patron Council and an ex-officio member of the U.S. Navy Memorial Foundation's Board of Directors.

He received the U.S. Coast Guard's Meritorious Public Service Award and was appointed an Honorary Member of the U.S. Coast Guard by then Commandant of the Coast Guard Adm. James Loy, and former Master Chief Petty Officer of the Coast Guard Vince Patton.

While on active duty, he was the public affairs director for the U.S. Navy Band in Washington, DC, and directed marketing and promotional efforts for national tours, network radio and television appearances, and major special events in the nation's capital. His awards include the Defense Meritorious Service and Navy Commendation Medals.

Barnes holds a bachelor's degree in education and a master's degree in public relations management from The American University, Washington, DC. He earned the Certified Association Executive (CAE) designation from ASAE in 2003 and is an accredited member of the International Association of Business Communicators (IABC).

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