

NO TRICARE HIKE IN 2011 BUDGET REQUEST

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WASHINGTON, Feb. 2, 2010 - Tricare recipients will see no increase in their premiums next year, if Congress approves that provision of the fiscal 2011 defense budget request, as expected. However, Defense Secretary Robert M. Gates told reporters yesterday he wants to work with Congress to find ways to help control escalating military health-care costs that are consuming an ever-increasing chunk of the budget.

Noting the skyrocketing costs of the military health-care system – from \$19 billion in 2001 to \$50.7 billion in the fiscal 2011 budget request — Gates questioned during yesterday's Pentagon briefing how sustainable the program can remain without cost controls or higher premiums.

"It's only going to go up," he said, with Military Health System officials estimating 5 to 7 percent annual cost increases through fiscal 2015. "And it is absorbing an increasing percentage of our budget." Officials predict that the program will grow from 6 percent of the defense budget to more than 10 percent by fiscal 2015.

"We absolutely want to take care of our men and women in uniform and our retirees," Gates said, "But at some point, there has to be some reasonable tradeoff between reasonable cost increases or premium increases or co-pays or something and the cost of the program."

There's been no Tricare premium increase since the program was founded in 1995, Gates said, noting that Congress has rejected recent Pentagon proposals for "very modest" increases. Expecting the same action this year, the Defense Department recommended no increase this year, he said.

"I ask anybody to point me to a health insurance program that has not had a premium increase in 15 years," Gates said. Tricare benefits, he said, are "generous, as they should be for our men and women in uniform."

But Gates compared the \$1,200 average out-of-pocket costs for a family of three under Tricare to about \$3,300 for the same family under a health maintenance organization plan in the Federal Employees Health Care Program.

"We see a lot of people coming back into Tricare because the benefits are so good and the costs are so low," he said

The Military Health System has 9.5 million eligible beneficiaries, including active-duty military members and their families, military retirees and their families, dependent survivors and certain eligible reserve-component members and their families.

Military Health System officials expect more eligible beneficiaries to continue returning to the

Tricare system as costs of programs offered through their employers or spouses continue to increase.

The General Accountability Office recently found that more than 85 percent of retirees ages 45 to 49 and half of retirees between ages 60 and 64 had access to other group health insurance, but chose Tricare instead.

As Tricare usage increases, so does the number of health-care visits that beneficiaries make, officials noted. Between fiscal 2005 and fiscal 2008, the average number of outpatient visits per enrollee increased from 8.7 to 9.97. Pharmacy use increased 5.5 percent over the timeframe.