

**STATEMENT OF
DENNIS M. DUGGAN, DEPUTY DIRECTOR
NATIONAL SECURITY COMMISSION
THE AMERICAN LEGION
TO THE
SUBCOMMITTEE ON TOTAL FORCE
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES
ON THE
FY 2005 NATIONAL DEFENSE AUTHORIZATION ACT (NDAA)
DEFENSE HEALTH PROGRAMS**

MARCH 18, 2004

Chairman McHugh and distinguished Members of the Subcommittee: The American Legion is grateful for the opportunity to present its views regarding defense authorization for fiscal year (FY) 2005, Defense Health Programs. The American Legion values your leadership in assessing and authorizing adequate funding for quality-of-life, readiness and modernization of the Nation's armed forces to include the active, reserve and National Guard forces and their families, as well as quality of life for military retirees and their dependents.

HEALTH CARE FOR MILITARY BENEFICIARIES

Today, there are approximately 8.2 million beneficiaries in the military health care program. Military retirees and their dependents make up nearly one half of that number, and over 500,000 retirees have lost or will lose their access to military health care as a result of the closure of approximately 40 percent of military treatment facilities. Access to affordable health care, regardless of age, status or location, has represented a major concern among military retirees.

The American Legion also applauds your work in eliminating TRICARE co-payments for active duty family members. We also salute DoD for reducing active duty time for Reservists to 30 days for their families to be eligible for TRICARE. For drilling Guard and Reserve members who do not have health coverage from their employers, the FY 2004 NDAA authorizes premium-based TRICARE eligibility only until the end of the calendar year. This health care plan needs to be made permanent.

The creation of TRICARE for Life and a TRICARE Senior Pharmacy benefit in Public Law 106-398 was a historic triumph for Congress and those 1.3 million Medicare-eligible military retirees and dependents. Although Congress enacted legislation to restore TRICARE to Medicare-eligible beneficiaries as a wraparound to Medicare (TRICARE for Life) and to improve TRICARE for active duty families, further improvements are still needed, especially for retired beneficiaries under age 65. TRICARE must be a consistent, reliable and equitable health care benefit for all

uniformed serviced beneficiaries, regardless of age or geography. Low reimbursement rates are causing providers to refuse any TRICARE patients or reduce the number of TRICARE patients they will treat, limiting beneficiary access and choice. Solution: Increase statutory (Medicare) payment rates; require use of existing authority to raise TRICARE rates where necessary to ensure sufficient numbers of participating providers. Streamlining payments to providers through Web-based claims payments.

- TRICARE may be cumbersome to use and cause administrative hassles for providers and beneficiaries attempting to obtain authorization, expedite claim repayment, or move between regions. Solution: Improve TRICARE Prime enrollment procedures, portability, and beneficiary education. Decrease administrative burdens, eliminate non-availability statement requirements, streamline claims processing requirements with greater reliance on electronic claims technology, and eliminate unnecessary reporting requirements. Require TRICARE contractors to assist beneficiaries in finding TRICARE Standard providers. Eliminating the 115 percent billing limit when TRICARE Standard is second payer to other health insurance;
- The American Legion is opposed to the integration of VA and DoD facilities and health care systems, however, we do support increased sharing arrangements;
- Institute “benefits plus benefits” reimbursement methodology. TFL pays beneficiary expenses not covered by Medicare (“benefits plus benefits”). For TRICARE Standard beneficiaries with other health insurance (OHI), TRICARE seldom pays expenses not covered by other insurance (“benefits less benefits”). Solution: Restore TRICARE reimbursement policy to pay up to what TRICARE would have paid had there been no OHI coverage (as was the policy before 1993).
- The American Legion will work with DoD and the Congress to develop and maintain a comprehensive uniform pharmacy benefit for all beneficiaries.

Mr. Chairman, since the commencement of the first class of graduates of the Uniformed Services University of Health Sciences (USUHS) in 1980, over 3,200 physicians continue to pursue careers as physicians in the Army, Navy, Air Force and the U.S. Public Health Service each year. The USUHS education process emphasizes primary care medicine and also provides special training in military medicine and combat stress courses not found in civilian medical school curricula. USUHS graduates have also proven themselves willing to accept operational overseas assignments often viewed as less than desirable by civilian medical school graduates.

Previous NDAA’s have prohibited the closure of USUHS. The NDAA also provided a five-year prohibition on reducing the staffing levels of USUHS below the levels established as of October 1, 1993. The American Legion urges the Congress to resist any efforts to circumvent the law to downscale or close the USUHS. The American Legion is convinced that the USUHS is an economical source of career medical leaders who serve this nation during peace and war and provide military health care consistency and stability. The American Legion urges the Congress to retain and fully fund USUHS as a

continued source of career military physicians for the Army, Navy, Air Force and US Public Health Service. The American Legion also supports the construction of an Academic Center to accommodate the USUHS Graduate School of Nursing.