



LEGGIT

NGAUS Legislative Information Talk Feb. 19, 2010

Update on Delay in the Implementation of TRICARE for Gray Area Retirees

To get an update from Congress on the implementation date of TRICARE for Gray Area Retirees, last month NGAUS met with the legislative assistants for Senator Ben Nelson (D-NE) and Representative Robert Latta (R-OH), whose offices led the effort to authorize the coverage in the 2010 National Defense Authorization Act (NDAA). Those offices indicated that the monthly premium for the coverage was still being determined by the Department of Defense. They did not expect the coverage to be available until October 1, 2010. Last month, TRICARE Management Activity reported that the coverage would not be available for another 11-18 months because pricing for the coverage had yet to be determined by the Secretary of Defense.

Congress was able to include TRICARE for Gray Area Retiree coverage in the 2010 NDAA because it was determined to be cost neutral to the government. The new law requires the beneficiaries pay the full cost for TRICARE Standard coverage incurred by DOD, with the monthly premium being equal to the cost of coverage that the Secretary of Defense determines on "an appropriate actuarial basis." The Secretary, through his subordinates, have been engaged for the last two months in an extended process of determining that cost of coverage.

When the bill was passed, there was hope that the price for the TRICARE Standard coverage for this new group would be in the range of the full cost of TRICARE Reserve Select (TRS) to the Department of Defense (DOD). However, it appears the pricing formula will most likely produce a cost "higher" than the base cost of TRS because of the older demographics of the covered group of Gray Area retirees. We do not know how much higher the monthly premium will be, but we would like to find out as soon as possible or at least monitor the process to make sure the pricing mechanism is fair and not subject to the mistakes that may result in a

significant overpricing of TRICARE Reserve Select premiums, which had to be corrected based upon a report by the Government Accounting Office. Unfortunately, DOD is not making its premium pricing determination process transparent to Congress or the public. We will keep you posted.

Government Spending 101

Discretionary Spending – That portion of the federal budget which is subject to the annual *appropriations process*; Congress directly sets the level of spending and can choose to increase or decrease spending on any of those programs in a given year; discretionary spending is about one-third of total federal budget (about half is for National Defense)

Mandatory Spending - Programs funded by "eligibility or payment" rules (entitlements); Congress decides to create a program (Example: Military Retirement); it then determines *who* is eligible and any other criteria; how much is appropriated for the program each year is then determined by estimations of how many people will be eligible; other mandatory spending includes Social Security, Medicare/Medicaid, TRICARE for Life, etc.; mandatory spending makes up about two-thirds of the total federal budget (largest mandatory program is Social Security)

PayGo

Is the rule that governs mandatory spending and tax legislation; the purpose of PayGo is to ensure that neither mandatory spending nor tax legislation increases the deficit; to comply with PAYGO, new mandatory spending programs or tax cuts need to be offset by an equal amount of mandatory spending cuts and/or tax increases; the goal is for these bills to be "deficit-neutral;" PayGo does not prohibit mandatory spending or tax cuts; it only ensures that these costs are paid for; if they are not paid for, *PAYGO requires that they have broad support in Congress to pass.*

Each year, Congress passes a “Budget Resolution” (Not a law or signed by the President) that sets the limits on DISCRETIONARY spending and must account for MANDATORY spending such as TRICARE for Life, Retirement, Social Security, Medicare, etc. *PayGo presents a major obstacle for changing retirement eligibility criteria!*

Contract Extensions on TRICARE

TRICARE has officially extended current provider coverage to March 31, 2011 while it considers several protests of contracts awarded that were due to start April 1, 2010. This decision is designed to make the transition to regional, or “T-3,” contracts smoother. TRICARE Management Activity (TMA) Deputy Director Rear Adm. Christine Hunter says “Extensions to our current contracts will allow time for transition to the T-3 contracts, while ensuring beneficiaries continue to receive high-quality care and outstanding customer service.”

The T-3 contracts awarded in July 2009 are worth approximately \$55.5 billion. We will continue to monitor this dispute and keep you posted on any changes beyond March 31, 2011.

Senator Bayh Announces Retirement

On Monday Senator Evan Bayh (D-IN) announced that he will not seek a third term in Congress. Senator Bayh made no bones about his reasons for leaving, saying "To put it in words I think most people can understand: I love working for the people of Indiana, I love helping our citizens make the most of their lives, but I do not love Congress.”

Senator Bayh’s retirement has caused a verbal outcry from Democrats, who worry that his seat will go to a Republican candidate instead of helping them hold their leadership of the Senate. Sen. Bayh serves on the Senate Armed Services Committee (SASC).

COMING SOON: NGAUS will soon merge the LEGIT and E-Notes newsletters into one **Washington Report**. The new publication will keep you up to date on news and events at NGAUS and around Capitol Hill. Look for it in your inbox weekly starting March 16.

Write to Congress Update

Messages sent:

This week – 300

This year – 7,589

Top Ten States

1. *Georgia – 3,263*
2. *Tennessee – 1,036*
3. *Texas – 839*
4. *Massachusetts – 451*
5. *Ohio – 365*
6. *Louisiana – 241*
7. *Indiana – 183*
8. *Kansas – 168*
9. *Mississippi – 144*
10. *Utah – 116*

Help put your state on this list by using our Write to Congress feature to voice your concerns and priorities.

Rich Green, Director

Pete Duffy, Deputy Director

Kevin McColaugh, Army Programs

Emily Breitbach, Air Programs

Bernie Phelps, Sr. Legislative Analyst

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