



T H E M I L I T A R Y C O A L I T I O N

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STATEMENT OF

THE MILITARY COALITION (TMC)

before the

**HOUSE ARMED SERVICES
MILITARY PERSONNEL SUBCOMMITTEE**

concerning

Military Personnel, Compensation, and Healthcare Matters

April, 9 2014

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE. On behalf of The Military Coalition (TMC), a consortium of nationally prominent uniformed services and veterans' organizations, we are grateful to the committee for this opportunity to express our views concerning issues affecting the uniformed services community. This statement for the record provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the seven uniformed services, plus their families and survivors.

Air Force Sergeants Association
Air Force Women Officers Associated
AMVETS (American Veterans)
Army Aviation Association of America
Association of Military Surgeons of the United States
Association of the United States Navy
Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
Commissioned Officers Association of the U.S. Public Health Service, Inc.
Enlisted Association of the National Guard of the United States
Fleet Reserve Association
Gold Star Wives of America, Inc.
Iraq and Afghanistan Veterans of America
Jewish War Veterans of the United States of America
Marine Corps Reserve Association
Military Chaplains Association of the United States of America
Military Officers Association of America
Military Order of the Purple Heart
National Association for Uniformed Services
National Guard Association of the United States
National Military Family Association
Naval Enlisted Reserve Association
Non Commissioned Officers Association
Reserve Officers Association
Society of Medical Consultants to the Armed Forces
The Retired Enlisted Association
United States Army Warrant Officers Association
United States Coast Guard Chief Petty Officers Association

The Military Coalition, Inc. does not receive any grants or contracts from the federal government.

Executive Summary

Sequestration

At the heart of the budget challenges facing the Department of Defense is the devastating effect of the sequestration provision of the Budget Control Act of 2011.

The Bipartisan Budget Act of 2013 mitigated the sequestration spending cuts for FY 2014 and 2015. However, the original sequestration cuts FY 2016 thru 2021 remain in effect continuing to place national security at risk.

Sequestration is Congress' creation and it continues to have an adverse effect on the defense of the Nation – and will do so well into the next decade.

Congress created this situation by using sequestration as an easy, unaccountable way out of exercising its responsibility to properly resource America's Armed Forces and our national security. So it is Congress that must repeal sequestration now before more damage is done.

The Coalition strongly urges Congress eliminate sequestration and fund our military to levels that enable all components of the Armed Forces to be adequately manned, trained and equipped to focus on the mission – and not on fighting over an arbitrarily depressed defense budget.

While debt reduction is a national priority, we believe that such a disproportional share of this burden must not be foisted on the Defense Department and especially on the backs of military members and families who already have sacrificed more for their country than any other segment of Americans.

Keeping Faith with the All-Volunteer Force

No federal obligation is more important than protecting national security. And the most important element of national security is sustainment of a dedicated, top-quality career military force.

The only times the all-volunteer force has been jeopardized have been due to budget-driven cutbacks in the military compensation package that gave insufficient weight to the extraordinary demands and sacrifices inherent in a service career.

Rhetoric about “unsustainable” personnel costs since 2000 has emboldened some in Congress to not only consider, but to propose harsh changes to the military benefits, compensation, and the retirement system in the name of fiscal responsibility without fully understanding the unintended consequences of their actions, nor the impact on morale and retention.

We believe it is important to put the “growth since 2000 argument” in the proper context to understand why military pay and benefits have risen faster than that of the average Americans from 2000 to 2010.

Have costs grown since then? Yes, certainly, but using the “2000” baseline without reflecting on the historical context is grossly misleading.

The fact is that since 2000, personnel and health care costs experienced an average 7.6% rate of growth but that cost growth was essential to keep the previous compensation cutbacks from breaking the career force – and since 2010, personnel cost growth has already slowed to less than 2% per year.

The troops' last three raises averaged less than 1.4%, with the FY 2014 pay raise being the lowest in 50 years only to be matched by the FY 2015 proposal. Yet this overall budget submission is not limited to pay – this proposal of capping pay, increasing out-of-pocket expenses for housing, consolidating TRICARE, and significantly reducing the commissary benefit would be major steps backward towards repeating the insidious measures which led to retention and readiness problems in the past.

Our recommendation to Congress is to not allow budget cuts undo needed compensation improvements since 2000 to match the extraordinary demands and sacrifices of a military career. What's needed is to sustain pay and benefits for the men and women in uniform and their families.

America will remain the world's greatest power only as long as it continues to fulfill its reciprocal obligation to the only weapon system that has never let our country down – our extraordinarily dedicated, top-quality, all-volunteer career force.

Currently Serving Issues

Force Levels – The Coalition remains very concerned over the use of end strength in order to curb costs while we remain a nation at war, and the world remains a very dangerous place.

We understand why DoD is reducing force levels by first 124,000, but the FY15 budget calls for an additional 78,000 or more as operations wind down in Afghanistan and that the reality of sequestration requires significant budget reductions. Our fear is that without relief from sequestration, end strengths levels will place our national security at risk.

We are grateful that Congress has provided the Services with various voluntary tools to draw down the forces, but in the sequester-driven budget times, the Services have to revert to use of involuntary tools (RIFs, SERBs, etc.) instead of using the more expensive, yet more appropriate voluntary measures.

The Coalition urges the Subcommittee to ensure adequate personnel strengths and associated funding in order to meet national security strategy requirements.

Compensation – The Coalition was exceptionally disappointed that Congress capped the FY 2014 active duty pay raise at 1%, some .8% less than the growth in private sector pay as measured by the Bureau of Labor Statistics' Employment Cost Index (ECI). The Administration's FY 2015 proposal to again provide a pay raise at less than ECI is in our estimation a serious step backwards.

Congress made great strides to restore military pay comparability over the past 13 years, including enacting statutory language change that explicitly ties military pay raises to ECI growth. To override the statutory linkage does not bode well for our men and women in uniform, especially in the midst of an on-going conflict.

The Coalition agrees with the approach the Congress has consistently taken – that the best comparability measure is a comparison of the military basic pay raise percentage with the percentage growth private sector pay, as measured by the Bureau of Labor Statistics’ Employment Cost Index (ECI). The government uses the ECI for every other measure of private pay growth, and it’s transparent to government leaders and service members alike.

The Coalition urges the Subcommittee to sustain fully-comparable annual military pay raises based on the Employment Cost Index as specified in current law.

Family Readiness and Base Support – The Coalition believes MWR and Family Support/Readiness Programs are essential to a strong national defense. These program contribute to a high quality of life for military members, but become particularly mission critical during the coming years of austere funding and force drawdowns.

The Coalition urges the Subcommittee to:

- ***Encourage DoD and the Services, to continue to assess the effectiveness of programs and support mechanisms designed to assist military members and their families with deployment readiness and reintegration.***
- ***Fully fund effective, evidence-based programs, and ensure costs are included in annual budgets.***
- ***Champion education and outreach to all members and families about their earned benefits/services, including financial education, CSB/Redux choices, etc.***
- ***Advocate for child care needs of the Total Force, especially for the highly deployable***
- ***Monitor and continue to expand family access to mental health counseling.***
- ***Encourage greater military spouse educational and career opportunities, and ensure the programs are accessible, effective, and meeting the needs of all military spouses.***
- ***Promote authorization of flexible spending accounts to enable military families to pay health care and child care expenses with pre-tax dollars.***
- ***Ensure all Reserve Component Yellow Ribbon Programs meet a standard level within each State.***

DoD Resale Operations – The Military Coalition strongly believes military commissary, exchange and Morale Welfare and Recreation (MWR) programs contribute significantly to a strong national defense by sustaining morale and quality of life for military beneficiaries both within the United States and around the globe.

The Coalition is very concerned about any initiatives to curtail appropriated fund support for these activities – especially the FY 2015 proposal to significantly reduce the commissary subsidy.

The Coalition urges the Subcommittee to:

- ***Oppose reducing the savings provided to Commissary patrons.***
- ***Sustain necessary appropriated funds to support the Commissary and Exchange.***
- ***Oppose attempts to consolidate the Commissary and Exchange systems.***
- ***Support Defense Commissary Agency (DeCA) efforts to increase patronage, thereby increasing support for all components/branches and their families.***

National Guard and Reserve Forces

Operational Reserve Retention and Retirement Reform – Congress took the first step in modernizing the reserve retirement system with enactment of early retirement eligibility for certain reservists activated for at least 90 continuous days served since January 28, 2008.

Repeated, extended activations make it more difficult to sustain a full civilian career and impede reservists' ability to build a full civilian retirement, 401(k), etc. Regardless of statutory protections, periodic long-term absences from the civilian workplace often limit Guard/Reserve members' upward mobility, employability and financial security. Further, strengthening the reserve retirement system will serve as an incentive to retaining critical mid-career officers and NCOs for continued service and thereby enhance readiness.

The Coalition urges the Subcommittee to improve the National Guard and Reserve operational readiness by:

- *Correcting the early retirement credit to include all Guard and Reserve members who have served on active duty tours of at least 90 days retroactive to September 11, 2001.*
- *Modernizing the reserve retirement system to reflect the increased service and sacrifice of operational reservists including appropriate credit for active and inactive duty service.*
- *Allowing full-retirement credits for all inactive duty training points earned annually (annual IDT points are capped at 130 presently).*
- *Correcting the Fiscal Year barrier that prevents rollover credit for aggregates of 90 days qualifying active duty served over multiple fiscal years.*
- *Consolidating the current 30 types of authorities used for orders of Guard-Reserve members down to 10 or less.*

Yellow Ribbon Reintegration Program – Congress has provided increased resources to support the transition of warrior-citizens back into the community. But program execution remains spotty from state to state and falls short for those returning Federal Reserve warriors in widely dispersed regional commands. Programs should meet a standard level of family support within each state. Military and civilian leaders at all levels must improve the coordination and delivery of services for the entire operational reserve force. Many communities are eager to provide support and do it well. But Yellow Ribbon efforts in a number of locations amount to little more than PowerPoint slides and little or no actual implementation.

The Military Coalition recommends the Subcommittee conduct an oversight hearing to review Yellow Ribbon best practices, assess gaps and take steps to ensure a sustainable program for the Operational Reserve called to active Federal service.

Reserve Compensation System – The increasing demands of qualifications, mental skills, physical fitness, and training readiness on the Guard and Reserve to perform national security missions at home and abroad and increased training requirements indicate that the compensation system needs to be improved to attract and retain individuals into the Guard/Reserve. The added responsibility of returning to active duty multiple times over the course of a reserve career requires improvements to the compensation package and to make it more equitable with the active component.

The Coalition recommends the Subcommittee:

- *Provide parity in special incentive pay, including career enlisted/officer special aviation incentive pays, diving special duty pay, and pro-pay for medical professionals.*
- *Eliminate BAH II, and provide full BAH for any active duty service.*
- *Restore full tax-deductibility of non-reimbursable military travel expenses of at least 50 miles one-way round trip; eliminate a minimal distance requirement for military travel reimbursement.*
- *Oppose recommendations to convert the military retirement systems to a civilian-style vesting system.*
- *Pass current legislation honoring as veterans certain career retirees of the Guard/Reserve.*

Guard/Reserve GI Bill – The Coalition is most grateful to Congress for passage of the Post-9/11 GI Bill (Chapter 33, 38 U.S. Code), which includes a provision for reservists to accrue benefits for operational active duty service. However, Selected Reserve GI Bill benefits (Chapter 1606, 10 USC) have not been adjusted proportionally for more than 13 years.

The Coalition recommends the Subcommittee:

- *Raise Chapter 1606 benefits to the original benchmark of nearly 50 cents to the dollar for the active duty GI Bill – benefits have plummeted to less than 22 cents to the dollar since 1999; alternatively, authorize the transfer of Chapter 1606 to Title 38 for integration with other GI Bill programs supporting recruitment, retention and re-adjustment outcomes.*

Guard/Reserve Family Support Programs – The Coalition appreciates the upgrades in outreach programs and services for returning Guard-Reserve families. Family support programs promote better communication with service members and help underwrite morale and overall readiness.

The Coalition urges the Subcommittee to:

- *Review the adequacy of programs to meet the special information and support needs of families of individual reserve augmentees or those who are geographically dispersed.*
- *Foster programs among military and community leaders to support service members and families during all phases of deployments.*
- *Provide preventive counseling services for service members and families.*
- *Authorize child care, including respite care, for family readiness group meetings and drill time.*
- *Ensure family readiness programs are agile and flexible enough to respond to the changing needs of units whether in drilling or activated status.*

Retiree Issues

Military Retirement Reform – Whenever military budgets get tight, budget analysts and chartered task forces propose military retirement cutbacks.

The Coalition believes “civilianizing” the military benefit package will dramatically undermine the primary military career retention incentive and will prove to be disastrous for retention and readiness, as they increase the incentives to leave and reduce the incentives to stay.

Moreover, we believe it is irresponsible to focus on budget and “civilian equity” concerns while ignoring the primary purpose of the retirement system – to ensure a strong and top-quality career force in spite of arduous service conditions which no civilians experience and few are willing to accept.

America will remain the world’s greatest superpower only as long as it continues to fulfill its reciprocal obligation to the all-volunteer career force.

The Coalition urges the Subcommittee to oppose any initiative which would “civilianize” the military retirement system, ignore the lessons of the ill-fated REDUX initiative, and inadequately recognize the unique and extraordinary demands and sacrifices inherent in a military career.

Retired Pay Cost of Living Adjustments (COLA) – The passage of the Bipartisan Budget Act of 2013 (BBA) was proclaimed as a bi-partisan, two-year sequestration alleviating budget deal. The bill was enacted to ease the harmful effects of sequestration for two years for the Department of Defense and it was accomplished by breaking long-standing commitments to service members who serve our Nation for over 20 years. It was a backroom, 11th hour deal rushed through both the House and Senate, bypassing the committees of jurisdiction.

The Coalition thanks the subcommittee for their efforts to provide relief from this eleventh-hour deal; however, we prefer to have had full repeal in light of the ongoing Military Compensation and Retirement Modernization Commission’s work on the entire pay and benefits system review.

The Coalition urges the Subcommittee to:

- ***Guard against any discriminatory treatment of uniformed services’ retired members compared to other federal retirement, or federal COLA-eligible, by maintaining/enhancing the equity of annual COLAs.***
- ***Work to ensure continued fulfillment of congressional COLA intent, as expressed in House National Security (HNSC) Committee Print of Title 37, USC: "to provide every military retired member the same purchasing power of the retired pay to which he was entitled at the time of retirement [and ensure it is] not, at any time in the future...eroded by subsequent increases in consumer prices."***
- ***Ensure equal treatment of all uniformed service personnel, to include NOAA/USPHS/USCG personnel, in conjunction with any retirement/COLA legislation.***
- ***Monitor any proposed Bureau of Labor and Statistics (BLS) adjustments to the Consumer Price Index (CPI) calculation process such as the adoption of the chained-Consumer Price Index (CPI) that insidiously would devalue retirement, disability compensation, and other programs over time.***
- ***Monitor action on Budget Resolution, Omnibus Budget Reconciliation, Social Security reform initiatives, and other proposals to guard against discriminatory treatment of uniformed services retired members.***

Concurrent Receipt – Congress clearly recognized the inequity of the disability offset to earned retired pay during the past decade and has gone to great lengths established a process to end or phase out the offset for many disabled retirees. The Coalition is extremely grateful for the Subcommittee’s efforts to continue progress in easing the adverse effects of the offset.

We recognize only too well the challenges associated with adding new mandatory spending provisions in this difficult budget environment. But making at least some progress to address this grievous inequity (e.g., covering all 100-percent disabled retirees with less than 20 years of service) remains an important goal.

The Coalition recommends the Subcommittee:

- *Expand Concurrent Retirement and Disability Payments (CRDP) to disabled retirees not eligible under the current statute, to include vesting of earned retirement credit for Chapter 61 retirees with less than 20 years of service.*
- *Enact legislation to ensure a disabled retiree's CRSC disability compensation cannot be reduced when one's VA disability rating increases until afforded the opportunity to elect between CRSC or CRDP.*

Fair Treatment for Service members Affected by Force Reductions – Throughout the 1990s and into the early 2000s the services had several drawdown tools at their disposal to incentivize members to voluntarily leave the service: Voluntary Separation Incentive (VSI), Special Separation Benefit (SSB), and Temporary Early Retirement Authority (TERA). The recently reauthorized TERA will greatly aid the Services in anticipation of significant force drawdowns and combat forces depart southwest Asia.

The Coalition recommends enacting temporary legislation to authorize separating service members the ability to contribute part or all of their involuntary or voluntary separation payments into their Thrift Savings Plan (TSP) account to recognize their past service and provide a “transportable” career benefit under force drawdowns.

Uniformed Services Former Spouses' Protection Act (USFSPA) –

The Coalition recommends the Subcommittee pursue legislation that eliminates the USFPA inequities by building a consensus to enact legislation to include all of the following:

- *Base the award amount to the former spouse on the grade and years of service of the member at time of divorce (and not retirement).*
- *Prohibit the award of imputed income or "forced retirement" of active duty members.*
- *Extend 20/20/20 benefits to 20/20/15 former spouses.*
- *Eliminate Inequities in SBP Coverage.*
- *Eliminate the "10-year Rule" for the direct payment of retired pay allocations by the Defense Finance and Accounting Service (DFAS).*
- *Assist the DoD and Services with greater outreach and expanded awareness to members and former spouses of their rights, responsibilities, and benefits upon divorce.*

Survivor Issues

The Coalition is grateful to the Subcommittee for its significant efforts in the past decade to improve the Survivor Benefit Plan (SBP), especially its major achievement in 2005 eliminating Widow Tax, the Social Security offset that SBP survivors encountered upon attaining age 62. Yet, there is still more to do when looking at the plight of our widows.

SBP-DIC Offset – The Coalition believes strongly that current law is unfair in reducing military SBP annuities by the amount of any survivor benefits payable from the DIC program.

The Coalition believes widows whose sponsors' deaths were caused by military service should not be last in line for redress.

The Coalition urges the Subcommittee to:

- *Continue pursuing ways to repeal the SBP-DIC offset.*
- *Authorize SBP annuities to be placed into a Special Needs Trust for permanently disabled survivors who otherwise lose eligibility for state programs because of means testing.*
- *Reduce the age for paid-up SBP to age 67 for those who joined the military at age 17, 18 or 19.*
- *Reinstate SBP annuities to survivors who transfer it to their children when the children reach majority, or when a subsequent remarriage ends in death or divorce.*
- *Calculate the SBP annuity for a reservist who dies while performing inactive duty training using the same criteria as a service member who dies while on active duty.*

Final Retired Pay Check – Under current law, DFAS recoups from military widows'/widowers' bank accounts all retired pay for the month in which a retiree dies. Subsequently, DFAS pays the survivor a pro-rated amount for the number of days of that month in which the retiree was alive. This often creates hardships for survivors who have already spent that pay on rent, food, etc., and who routinely are required to wait several months for DFAS to start paying SBP benefits.

The Coalition believes this is an extremely insensitive policy imposed by the government at the most traumatic time for a deceased member's next of kin. Unlike his or her active duty counterpart, a retiree's survivor receives no death gratuity. Many older retirees do not have adequate insurance to provide even a moderate financial cushion for surviving spouses.

TMC urges the Subcommittee to authorize survivors of retired members to retain the final month's retired pay for the month in which the retiree dies.

Health Care Issues

Service vs. Beneficiary Needs – Unlike civilian healthcare systems, the military health system is built mainly to meet military readiness requirements rather than to deliver needed care efficiently to beneficiaries.

These military-unique requirements have significantly increased readiness costs. But those added costs were incurred for the convenience of the military, not for any beneficiary consideration, and beneficiaries should not be expected to bear any share of military-driven costs – particularly in wartime.

The Coalition strongly rejects efforts to seek dramatic beneficiary cost increases as a first cost-containment option. Instead of imposing higher fees on beneficiaries as the first budget option, DoD leaders should be required to fix/consolidate redundant, counterproductive DoD health systems.

The Coalition urges the Subcommittee to direct DoD to pursue any and all options to improve efficient and cost-effective care delivery in ways that do not disadvantage beneficiaries rather than simply shifting more costs onto beneficiaries.

Military vs. Civilian Cash Fees Is an “Apple to Orange” Comparison – The Coalition continues to object strongly to simple comparisons of military vs. civilian cash fees. Such comparisons ignore most of the very great price career military members and families pay for their coverage in retirement.

The Coalition urges the Subcommittee to continue to reject simple comparisons of military-to-civilian cash healthcare fees as grossly devaluing career service members’ and families’ extraordinarily steep nonmonetary contributions through decades of service and sacrifice.

Wounded, Ill, and Injured Service Member Care

TMC believes strongly that active DoD and VA collaboration is not only essential to achieving seamless transition, such cooperation is also critical to the long-term sustainability of our defense strategy, the health and wellness of the All-Volunteer Force and the acknowledgement of our country’s commitment and moral obligation to the long-term care and support for those who served.

DoD – VA Oversight, Accountability and Integration – Since the Pentagon and VA have relegated responsibility and authority to lower levels of the agencies, TMC has seen an expansion of uncertainty and confusion as to what the hundreds of wounded, ill and injured programs are doing, what the span of control is over these programs, or what the return on investment, efficacy, or effectiveness of these program in meeting the needs of a growing population of military, veterans and families that are and will be accessing these systems of care.

The Coalition specifically recommends Congress:

- *Hold joint hearings with the Veterans Affairs Committee addressing the Joint Executive Council’s (JEC) effectiveness in daily oversight, management, collaboration, and coordination of the Departments’ wounded warrior programs.*
- *Continue to press for creation and implementation of a joint, bi-directional electronic medical record.*
- *Provide permanent funding, staffing, and accountability for congressionally mandated Defense Centers of Excellence and associated mental-behavioral health, suicide prevention, alcohol and substance abuse, caregiver, respite, and other medical and non-medical programs.*
- *Continue aggressive oversight of the Integrated Disability Evaluation and legacy disability evaluations systems to ensure preservation of the 30-percent threshold for medical retirement, consistency and uniformity of policies, ratings, legal assistance, benefits, and transitional services Defense-wide.*
- *Standardize terminology, definitions, eligibility criteria, roles and responsibilities around policies, programs, services, and administration of medical and non-medical support (e.g., recovering warrior categories, all categories of case managers, caregiver support and benefits, power of attorney, and a comprehensive recovery plan).*
- *Standardize the coordination of DoD-VA care, treatment and benefits of all Departments’ case management programs, and medical and non-medical programs and services.*

Continuity of Health Care –Transitioning between DoD and VA health care systems remains a significant and one of the most challenging aspects of the care process to wounded warriors and their families. The medical systems continue to be overwhelming and confusing to those trying to navigate them, especially during times when individuals are experiencing a great deal of trauma and uncertainty about what the future holds at the same time coping the realities of their wounds and disabilities. Wounded warriors and their families continue to be less satisfied with their transition from medical retirement to the VA medical system.

The Coalition urges Congress to:

- *Secure the same level of payments, support and benefits for all uniformed services' wounded, ill, or injured (WII) in the line of duty.*
- *Create a standardized curriculum and training programs for all DoD-VA mental-behavioral health providers and educational institutions in the diagnosis and treatment of PTS/PTSD/TBI.*
- *Increase and improve the quality and timeliness of access to initial and follow-on appointments, treatment and services in DoD-VA systems, ensuring seamless transition of mental-behavioral health services are maintained for wounded, ill and injured, their families and caregivers across the Departments.*
- *Ensure Guard and Reserve members have adequate access and treatment in the DoD and VA health systems for Post-Traumatic Stress Disorder and Traumatic Brain Injury following separation from active duty service in a theatre of operations.*

DoD-VA Integrated Disability Evaluation/Legacy Systems (IDES) – TMC still hears too many emotional stories of “low-balling” disabled service members’ disability ratings, or troops separated with service-connected conditions not documented or reported in records, causing members with significant disabling conditions to be separated and turned over to the VA rather than being medically retired—a troublesome trend today, especially for those in the Guard and Reserves.

The Coalition recommends Congress:

- *Preserve the statutory 30 percent disability threshold for medical retirement in order to provide lifetime TRICARE coverage for those who are injured while on active duty.*
- *Reform the DoD disability retirement system to require inclusion of all unfitting conditions and accepting the VA’s “service-connected” rating.*
- *Ensure any restructure of the DoD and VA disability and compensation systems does not inadvertently reduce compensation levels for disabled service members.*
- *Eliminate distinctions between disabilities incurred in combat vs. non-combat when determining benefits eligibility for retirement.*
- *Tighten the Integrated Disability Evaluation System (IDES) (as recommended by the RWTF) to include reforms that:*
 - *Create a “joint” formal physical evaluation board in order to standardize disability ratings by each of the Services.*
 - *Mandate in policy that all service members entering into a Medical Evaluation Board (MEB) be contacted by the MEB outreach lawyer to help navigate the board process upon notification that a narrative summary will be completed.*
- *Pursue improvements in identifying and properly boarding (medical evaluation and physical evaluation boards) Guard and Reserve members (to include the IRR) who have been wounded or*

incurred injuries or illnesses while activated but have had their conditions manifest or worsen post deactivation such as establishing policies that allow for the rapid issuance of Title 10 orders to affected Reserve Component (as recommended by the Recovering Warrior Task Force).

- *Seek legislation to eliminate legacy DES so that that service members who are placed on the Temporary Disability Retirement List (TDRL) are afforded the opportunity to have the VA rate their disability by the IDES upon their removal from the TDRL.*
- *Revise the VA schedule for rating disabilities (VASRD) to improve the care and treatment of those wounded, ill, and injured, especially those diagnosed with PTSD and TBI.*
- *Bar the designation of disabling conditions as “existing prior to service” for service members who have been deployed to a combat zone.*

Caregiver/Family Support Services – The sad reality is that, for the most severely wounded, ill or injured service members, their family members or other loved ones often become their full-time caregiver. Many are forced to give up their jobs, homes, and savings to care for their loved one—an incredible and overwhelming burden for these individuals to shoulder.

The Coalition believes the government has an obligation to provide reasonable compensation and training for caregivers of veterans from all generations, who never dreamed that their own well-being, careers, and futures would be devastated by military-caused injuries to their service members.

The Coalition recommends Congress:

- *Ensure wounded, ill and injured families and caregivers are an integral part of the rehabilitation and recovery team and be included in and educated about medical care and treatment, disability evaluation system processes, development and implementation of the comprehensive recovery plan, and receive DoD-VA support and guidance throughout the process.*
- *Provide enhanced training of DoD and VA medical and support staff on the vital importance of involving and informing designated caregivers in treatment of and communication with severely wounded, ill, and injured personnel.*
- *Provide health and respite care for non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage while the injured member remains on active duty, commensurate with what the VA authorizes for eligible caregivers of medically retired or separated members.*
- *Ensure consistency of DoD and VA caregiver benefits to ensure seamless transition from DoD to VA programs.*
- *Extend eligibility for residence in on-base housing for up to one year for medically retired and severely wounded, ill, and injured members and their families, or until the service member receives a VA disability rating, whichever is longer.*

Guard and Reserve Health Care – The Coalition is very grateful for sustained progress in providing reservists' families a continuum of government-sponsored health care coverage options throughout their military careers into retirement, but key gaps remain.

The Coalition recommends:

- *Providing Federal Employee Health Benefit Plan (FEHBP) beneficiaries the option of TRICARE Reserve Select (TRS).*

- *Permitting members of the IRR to enroll in TRS as an incentive for their continued service.*
- *Seeking improvements to the pre- and post-activation health assessment and corrective programs:*
 - *Securing funds for government treatment of RC members to correct any medical or dental readiness deficiencies during periodic health assessment screenings.*
 - *Expanding funded dental care to cover 180 days post activation.*
 - *During periods of reintegration, funding and providing evidence-based care and services for RC members, including mental/behavioral health issues such as, substance abuse and suicide.*
- *Through the use of innovative technologies, increasing access to VA/DoD health, dental, and behavioral health care for those residing in rural areas.*
- *Subsidizing premiums paid by private employer to allow continuation of private coverage during periods of activation as an option.*

Additional TRICARE Prime Issues – The Coalition strongly advocates for the transparency of healthcare information via the patient electronic record between both the MTF provider and network providers. Additionally, institutional and provider healthcare quality information should be available to all beneficiaries so that they can make better informed decisions with their healthcare choices.

The Military Coalition urges the Subcommittee to:

- *Require reports from DoD and the managed care support contractors on actions being taken to ensure those affected by the Prime Service Area reductions will be able to maintain continuity of care from their existing provider or receive an adequate selection of providers from which to obtain care.*
- *Require increased DoD efforts to ensure electronic health record consistency between MTFs and purchased care sectors and provide beneficiaries with information to assist in informed decision making.*

Additional TRICARE Standard Issues – The Coalition appreciates the Subcommittee’s continuing interest in the specific problems unique to TRICARE Standard beneficiaries. TRICARE Standard beneficiaries need assistance in finding participating providers within a reasonable time and distance from their home.

The Coalition urges the Subcommittee to:

- *Bar any further increase in the TRICARE Standard inpatient copay for the foreseeable future.*
- *Insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation to meet the threshold.*
- *Increase locator support to TRICARE Standard beneficiaries seeking providers who will accept new Standard patients, particularly for primary care and mental health specialties.*

Introduction

Madam Chairwoman, Ranking Member Graham, The Military Coalition thanks you and the entire Subcommittee for your extraordinary support of our active duty, Guard, Reserve, retired members, and veterans of the uniformed services, their families and their survivors. Your efforts have had an enormously positive impact in the lives of the entire uniformed services community.

We specifically wish to thank the Committee for its actions in adopting the FY2014 NDAA, recognizing that healthcare is an earned benefit for service rendered during a lengthy career and rejecting the administration's proposed dramatic fee increases for healthcare.

We are truly grateful for your unwavering commitment to men and women who defend our fine nation.

We appreciate that Congress have given personnel issues top priority in the past decade. You have had difficult choices to make while bolstering a weak economy and addressing budget deficits. The past few years have been arduous, with our military winding down operations in Afghanistan and the nation dealing with the significant budget challenges.

Sequestration

At the heart of the budget challenges facing the Department of Defense (DoD) is the devastating effect of the sequestration provision of the Budget Control Act of 2011.

The Bipartisan Budget Act of 2013 mitigated the sequestration spending cuts for FY 2014 and 2015. However, the original sequestration cuts FY 2016 thru 2021 remain in effect continuing to place national security at risk.

Sequestration is Congress' creation and it continues to have an adverse effect on the defense of the Nation – and will do so well into the next decade.

Over the past two years sequestration has managed to set America on a path to reduced military readiness that threatens our national security.

Sequestered budgets are rapidly shrinking the nation's military forces to unprecedented and unacceptable levels thereby creating forces unable to accomplish the tasks assigned by the defense strategy. All of this while international security remains uncertain and dangerous.

Because sequestration is so skewed against the defense budget, Congress has fomented an atmosphere of fiscal desperation that leads to false choices when it comes to the compensation and benefits provided to the service members and families who make up the All-Volunteer Force.

Congress has forced defense leaders to try to balance excessively tightened budgets on the backs of our servicemen and women by implying that the troops "cost too much" and are to blame for our growing military unreadiness.

The facts do not bear this out and the troops know it. But it has sown a growing distrust among service members who are increasingly and unfairly portrayed as an entitlement special interest group.

Congress created this situation by using sequestration as an easy, unaccountable way out of exercising its responsibility to properly resource America's Armed Forces and our national security. So it is Congress that must repeal sequestration now before more damage is done.

The Coalition strongly urges Congress eliminate sequestration and fund our military to levels that enable all components of the Armed Forces to be adequately manned, trained and equipped to focus on the mission – and not on fighting over an arbitrarily depressed defense budget.

While debt reduction is a national priority, the Coalition believes that such a disproportional share of this burden must not be foisted on the Defense Department and especially on the backs of military members and families who already have sacrificed more for their country than any other segment of Americans.

And as you know, service personnel are now facing even greater uncertainties with the FY 2015 proposals that include force reduction measures, pay caps, proposed reductions in housing allowances, as well as calls for health care and commissary benefit changes. The recent reduction of COLA for military retirees did not go unnoticed by those wearing the uniform.

Keeping Faith with the All-Volunteer Force

No federal obligation is more important than protecting national security. And the most important element of national security is sustainment of a dedicated, top-quality career military force.

The past 12 years of unprecedented demands and sacrifices highlight how radically different military service conditions are from civilian life.

Yet budget critics persist in asserting military pay, retirement, and health care benefits are unsustainable and should be slashed to resemble civilian benefit packages.

Decades of dire predictions about “unaffordable” personnel costs have proved consistently wrong.

Existing career incentives have sustained a strong national defense through more severe and protracted wartime conditions than even the strongest volunteer-force proponents thought it could survive.

The only times the all-volunteer force has been jeopardized have been due to budget-driven cutbacks in the military compensation package that gave insufficient weight to the extraordinary demands and sacrifices inherent in a service career.

Congress has consistently recognized the cost of sustaining the current military career incentive package is far more acceptable and affordable than the alternative.

Unfortunately the FY 2015 budget proposals to cap pay raises, reduce the housing allowance, reduce commissary savings, and increase health care fees are all targeted to slow personnel cost growth.

Rhetoric about “unsustainable” personnel costs since 2000 has emboldened some in Congress to not only consider, but to propose harsh changes to the military benefits, compensation, and the retirement system in the name of fiscal responsibility without fully understanding the unintended consequences of their actions, nor the impact on morale and retention.

We believe it is important to put the “growth since 2000 argument” in the proper context to understand why military pay and benefits have risen faster than that of the average Americans from 2000 to 2010.

Have costs grown since then? Yes, certainly, but using the “2000” baseline without reflecting on the historical context is grossly misleading.

This implies the turn of the century was an appropriate benchmark for estimating what reasonable personnel and healthcare spending should be. Nothing could be further from the truth.

At that time, years of budget cutbacks had depressed military pay, cut retirement value by 25 percent for post-1986 entrants, had military families paying 19% out-of-pocket for their housing costs, and booted beneficiaries over 65 completely out of the military health care system.

As a result, retention was on the ropes, and the Joint Chiefs of Staff were imploring Congress to fix the problems to prevent a readiness crisis.

Congress worked diligently over the next decade to restore military pay comparability, to repeal the retirement cuts, to zero-out housing costs, and to restore promised health coverage for older retirees. In other words, the cost growth was essential to keep the previous cutbacks from breaking the career force.

We believe it is important to remind Congress that several recent changes have already started to slow the growth of personnel costs:

- TRICARE Prime changes: Beneficiaries have already seen increases to TRICARE enrollment fees over the past several years and they will continue to rise at the rate of a retiree’s cost of living adjustment, but that is only the beginning. TRICARE Service Center closures and the standup of the Defense Health Agency also will contribute to the large projected savings in this area.
- Pharmacy: Major changes have been enacted to double and triple pharmacy copays for military beneficiaries, and these will continue to increase in future years at the rate of inflation. TRICARE For Life beneficiaries are being required to use the far-less-expensive mail-order system for refills of maintenance medications, which will dramatically reduce pharmacy costs.
- End strength: Cuts to the tune of 124,000 service members over five years are planned for the active and reserve forces. And now the FY 2015 budget calls for an additional 78,000 plus cuts. These reductions will definitely bend the personnel cost growth curve.
- Pay: This year military members will see the lowest pay raise in over 50 years with their pay capped below private sector pay growth, and this is not a one-time cap. The FY 2015 budget submission includes a plan to cap pay again at 1% (vice 1.8% in law) with the possibility of more. This would undo the hard work Congress accomplished over the past decade to eliminate the pay gap by extending caps through FY 2019.

- Retirement: The recent COLA -1% legislation provided relief to working age retirees and most currently serving members; however, it remains in force for those that entered service after 1 January, 2014.

The fact is that since 2000, personnel and health care costs experienced an average 7.6% rate of growth but that cost growth was essential to keep the previous compensation cutbacks from breaking the career force – and since 2010, personnel cost growth has already slowed to less than 2% per year.

Between the FY 2014 and FY 2015 pay caps, the proposed BAH reductions, the planned reductions in commissary savings, and the new health care fees, an E-5's family of four would experience a loss of nearly \$5,000 in purchasing power annually; and an O-3's family of four would experience a loss of nearly \$6,000.

The troops' last three raises averaged less than 1.4%, with the FY 2014 pay raise being the lowest in 50 years only to be matched by the FY 2015 proposal. Yet this overall budget submission is not limited to pay – this proposal of capping pay, increasing out-of-pocket expenses for housing, consolidating TRICARE, and significantly reducing the commissary benefit would be major steps backward towards repeating the insidious measures which led to retention and readiness problems in the past.

This piecemeal reduction to pay and benefits is doubly inappropriate since the congressionally-directed Military Compensation and Retirement Reform Commission will be offering even broader reform proposals next year.

Our recommendation to Congress is to not allow budget cuts undo needed compensation improvements since 2000 to match the extraordinary demands and sacrifices of a military career. What's needed is to sustain pay and benefits for the men and women in uniform and their families.

America will remain the world's greatest power only as long as it continues to fulfill its reciprocal obligation to the only weapon system that has never let our country down — our extraordinarily dedicated, top-quality, all-volunteer career force.

We offer the following recommendations on what must be done to meet this essential obligation.

Currently Serving Issues

Force Levels – The Coalition remains very concerned over the use of end strength in order to curb costs while we remain a nation at war.

We understand why DoD is reducing force levels by first 124,000, but the FY 2015 budget calls for an additional 78,000 or more as operations wind down in Afghanistan and that the reality of sequestration requires significant budget reductions. Our fear is that without relief from sequestration, end strengths levels will place our national security at risk.

The Coalition believes continued care must be taken to ensure force reductions do not create additional burdens on our service members and their families.

For the last 13 years, service members and their families have endured unprecedented sacrifices often having less than a year at home before returning for another year in combat.

Now with these even greater end strength reductions, many service members worry if they will be able to continue serving their nation.

Concurrently, we believe that the nation needs to sustain a surge capacity for unexpected contingencies and retaining combat experience by encouraging departing veterans to join the Guard and Reserve. On September 10, 2011 no one in Washington anticipated the following twelve years decade would find us engaged in a protracted war in Southwest Asia.

Cutting Guard/Reserve forces as well as active forces will make achieving these goals even more difficult to obtain.

We are grateful that Congress has provided the Services with various voluntary tools to draw down the forces, but in the sequester-driven budget times, the Services are reverting to use involuntary tools (RIFs, SERBs, etc.) instead of using the more expensive, yet more appropriate voluntary measures.

The Coalition urges the Subcommittee to ensure adequate personnel strengths and associated funding in order to meet national security strategy requirements.

Compensation – The Coalition was exceptionally disappointed that Congress capped the FY 2014 active duty pay raise at 1%, some .8% less than the growth in private sector pay as measured by the Bureau of Labor Statistics' Employment Cost Index (ECI). The Administration's FY 2015 proposal to again provide a pay raise at less than ECI is in our estimation a serious step backwards.

Congress made great strides to restore military pay comparability over the past 13 years, including enacting statutory language change that explicitly ties military pay raises to ECI growth. To override the statutory linkage does not bode well for our men and women in uniform, especially in the midst of an on-going conflict.

The Coalition is very concerned that many in the Administration and some members of Congress are unaware of the history of compensation including changes and their unforeseen outcomes. Moreover we are alarmed that some view these vital compensation programs as a source of savings without regard to the impact they may have on long term readiness of the All-Volunteer Force.

Historical experience provides ample evidence that capping military raises is an exceptionally slippery slope which has never ended well.

In the 1970s, a succession of annual pay raise caps contributed to serious retention problems which were fixed approving two large "catch-up" raises in 1981 and 1982. But that lesson was quickly forgotten.

Throughout the 1980s and '90s, budget problems led to regular capping of military pay raises below private sector pay growth, eventually accumulating a "pay comparability gap" which peaked at 13.5% in 1998-99, and contributed significantly to serious retention problems.

Now that erosion of pay and associated retention-related problems have abated, there are renewed calls to cut back on military raises, to either create a new comparability standard or substitute more bonuses for pay raises in the interests of deficit reduction.

The Coalition believes such proposals are exceptionally short-sighted in light of the extensive negative experiences we have had with military pay raise caps.

History shows that, once military pay raise caps are implemented, the tendency has been by Congress to continue them until retention problems arise which then have to be addressed through significant pay raise plus-ups.

The whole purpose of sustaining pay comparability through both good times and bad is to prevent significant fluctuations in retention and readiness; to avoid going through an endless cycle of causing problems and then repairing them.

A 2010 Congressional Budget Office (CBO) report asserted that, considering adjustments in housing allowances, many military people actually are paid more than their civilian counterparts in terms of Regular Military Compensation (RMC), composed of basic pay, food and housing allowances, and the tax advantage that accrues because the allowances are tax-free.

The Coalition believes the CBO assertions are fundamentally flawed for three distinct reasons.

First, the RMC concept was developed in the 1960s, when all service members received the same allowances, regardless of location, and the allowances were arbitrarily established. Congress has since transformed the allowances into reimbursements for actual food costs and for median locality-based housing costs.

Under the RMC comparability concept, a year in which taxes increase and average housing allowances rise (e.g., based on growth in high-cost areas) could perversely require a cut in basic pay to restore comparability.

The Coalition believes Congress would have a hard time explaining to troops why their pay raises should be reduced because their taxes are rising.

Secondly, the Coalition is not convinced that the civilian comparison cohort or percentile comparison points are realistic seeing that the military:

- Recruits from the top half of the civilian aptitude population
- Finds that only about 20% of America's youth qualify for entry
- Requires career-long education and training advancement, and
- Enforces a competitive "up-or-out" promotion system to ensure progressive quality enhancements among those with longer service

Thirdly, it is essential to recognize that compensation is not simply the amount one is paid. It is pay divided by what's required of the recipient to earn that pay. If we increase pay 25% but require 100% more in sacrifice to earn it, that's not a pay raise.

In that context, today's conditions of service are far more arduous than anything envisioned 40 years ago when the All-Volunteer Force was created. Those creators believed a protracted war would require the reinstatement of the draft.

Moreover, a fundamental requirement for any pay comparability standard is that it should be transparent and understandable by all.

The Coalition agrees with the approach the Congress has consistently taken – that the best comparability measure is a comparison of the military basic pay raise percentage with the percentage growth private sector pay, as measured by the Bureau of Labor Statistics' Employment Cost Index (ECI). The government uses the ECI for every other measure of private pay growth, and it's transparent to government leaders and service members alike.

The Coalition urges the Subcommittee to sustain fully-comparable annual military pay raises based on the Employment Cost Index as specified in current law.

Family Readiness and Base Support – The Coalition believes MWR and Family Support/Readiness Programs are essential to a strong national defense. These programs contribute to a high quality of life for military beneficiaries, but become particularly mission critical during the coming years of austere funding and force drawdowns.

MWR Family Support and Readiness Programs should be a DoD wide priority, and the Service budgets should be fully funded and programs and services fully accessible to beneficiaries.

The Coalition was especially pleased that the Subcommittee continued robust funding of supplemental Impact Aid in the 2014 NDAA. Providing appropriate and timely funding of supplemental Impact Aid is critical to ensuring quality education for military children regardless of where they live.

The Coalition urges the Subcommittee to:

- ***Encourage DoD and the Services, to continue to assess the effectiveness of programs and support mechanisms designed to assist military members and their families with deployment readiness and reintegration.***
- ***Fully fund effective, evidence-based programs, and ensure costs are included in annual budgets.***
- ***Champion education and outreach to all members and families about their earned benefits/services, including financial education, CSB/Redux choices, etc.***
- ***Advocate for child care needs of the Total Force, especially for the highly deployable.***
- ***Monitor and continue to expand family access to mental health counseling.***
- ***Encourage greater military spouse educational and career opportunities, and ensure the programs are accessible, effective, and meeting the needs of all military spouses.***
- ***Promote authorization of flexible spending accounts to enable military families to pay health care and child care expenses with pre-tax dollars.***
- ***Ensure all Reserve Component Yellow Ribbon Programs meet a standard level within each State.***

DoD Resale Operations – The Military Coalition strongly believes military commissary, exchange and Morale Welfare and Recreation (MWR) programs contribute significantly to a strong national defense

by sustaining morale and quality of life for military beneficiaries both within the United States and around the globe.

The Coalition is very concerned about any proposals to curtail appropriated fund support for these activities – especially the FY 2015 proposal to significantly reduce the commissary subsidy.

Repeated studies have shown that military commissaries provide \$2 in compensation value to beneficiaries for each \$1 of appropriated funding. That constitutes a very significant retention “bang for the buck” and is vital to the financial well-being of our military families.

Efforts to cut funding for commissaries are simply to save money on the backs of our military families. The average military family of four will experience nearly a \$3,000 loss of purchasing power with this proposal – it will undermine the commissary benefit.

Initiatives to civilianize commissaries or consolidate commissaries and exchanges to achieve budget savings would come only at the expense of devaluing their compensation and retention importance value for military patrons.

The Coalition urges the Subcommittee to:

- *Oppose reducing the savings provided to Commissary patrons.*
- *Sustain necessary appropriated funds to support the Commissary and Exchange.*
- *Oppose attempts to consolidate the Commissary and Exchange systems.*
- *Support continued outreach by the Defense Commissary Agency (DeCA) to increase patronage and enhance access to the commissary benefit for all components/branches and their families.*

National Guard and Reserve Forces

Since September 11, 2001, more than 893,218 Guard and Reserve service members have been called up, including about 300,000 who have served multiple tours. There is no precedent in American history for this sustained reliance on warrior-citizens and their families. To their credit, Guard and Reserve combat veterans continue to reenlist, but recurring activations and deployments cannot be sustained under Operational Reserve policy without adjustments to the compensation package.

Guard and Reserve members and families face unique challenges in their readjustment following active duty service. Unlike active duty personnel, many Guard and Reserve members return to employers who question their contributions in the civilian workplace, especially as multiple deployments have become the norm. Many Guard-Reserve troops return with varying degrees of combat-related injuries and stress disorders, and encounter additional difficulties after they return that can cost them their jobs, careers and families.

Despite the continuing efforts of the Services and Congress, most Guard and Reserve families do not have access to the same level of counseling and support that active duty members have. The Coalition is encouraged that Congress enacted measures to attack the numbers of suicides in the total force, expand access to behavioral health services and create a pilot to provide transition services outside of active duty bases. Properly implemented, these initiatives will help, but more remains to be done.

Operational Reserve Retention and Retirement Reform – Congress took the first step in modernizing the reserve retirement system with enactment of early retirement eligibility for certain reservists activated for at least 90 continuous days served since January 28, 2008.

In 2011, Congress passed an historic measure authorizing up to 60,000 reservists to perform active duty missions for up to one year without a formal emergency declaration so long as the missions are pre-planned and budgeted.

The Coalition believes this change further underscores the need to ensure Guard and Reserve members' compensation keeps pace with the nation's ever-increasing reliance on them. The greater the demands placed on them, the greater the need to enhance inducements that are essential to sustain the operational reserve force over the long term.

Repeated, extended activations make it more difficult to sustain a full civilian career and impede reservists' ability to build a full civilian retirement, 401(k), etc. Regardless of statutory protections, periodic long-term absences from the civilian workplace can only limit Guard/Reserve members' upward mobility, employability and financial security. Further, strengthening the reserve retirement system will serve as an incentive to retaining critical mid-career officers and NCOs for continued service and thereby enhance readiness.

As a minimum, the next step in modernizing the reserve retirement system is to eliminate the inequity inherent in the current fiscal year retirement calculation, which credits 90 days of active service for early retirement purposes only if it occurs within the same fiscal year. A 90-day tour served from January through March is credited, but a 120-day tour served from August through November is worthless (because the latter covers 60 days in each of two fiscal years).

Moreover, the law-change authorizing early retirement credit for qualifying active duty served after 28 Jan 2008 requires early reserve retirees to pay exorbitant TRICARE Retired Reserve premiums if they wish to have government health insurance before age 60.

The Coalition urges the Subcommittee to improve the National Guard and Reserve operational readiness by:

- *Correcting the early retirement credit to include all Guard and Reserve members who have served on active duty tours of at least 90 days retroactive to September 11, 2001.*
- *Modernizing the reserve retirement system to reflect the increased service and sacrifice of operational reservists including appropriate credit for active and inactive duty service.*
- *Allowing full-retirement credits for all inactive duty training points earned annually (annual IDT points are capped at 130 presently).*
- *Correcting the Fiscal Year barrier that prevents rollover credit for aggregates of 90 days qualifying active duty served over multiple fiscal years.*
- *Consolidating the current 30 types of authorities used for orders of Guard-Reserve members down to 10 or less.*

Yellow Ribbon Reintegration Program – Congress has provided increased resources to support the transition of warrior-citizens back into the community. But program execution remains spotty from state to state and falls short for those returning Federal Reserve warriors in widely dispersed regional

commands. Programs should meet a standard level of family support within each state. Military and civilian leaders at all levels must improve the coordination and delivery of services for the entire operational reserve force. Many communities are eager to provide support and do it well. But Yellow Ribbon efforts in a number of locations amount to little more than PowerPoint slides and little or no actual implementation.

DoD must ensure that state-level best practices – such as those in Maryland, Minnesota and New Hampshire – are applied for all operational reserve force members and their families, and that Federal Reserve veterans have equal access to services and support available to National Guard veterans. Community groups, employers and service organization efforts need to be encouraged and better coordinated to supplement unit, component, Service and VA outreach and services.

The Military Coalition recommends the Subcommittee conduct an oversight hearing to review Yellow Ribbon best practices, assess gaps and take steps to ensure a sustainable program for the Operational Reserve called to active Federal service.

Reserve Compensation System – The increasing demands of qualifications, mental skills, physical fitness, and training readiness on the Guard and Reserve to perform national security missions at home and abroad and increased training requirements indicate that the compensation system needs to be improved to attract and retain individuals into the Guard/Reserve. The added responsibility of returning to active duty multiple times over the course of a reserve career requires improvements to the compensation package and to make it more equitable with the active component.

The Coalition recommends the Subcommittee:

- ***Provide parity in special incentive pay, including career enlisted/officer special aviation incentive pays, diving special duty pay, and pro-pay for medical professionals.***
- ***Eliminate BAH II, and provide full BAH for any active duty service.***
- ***Restore full tax-deductibility of non-reimbursable military travel expenses of at least 50 miles one-way round trip; eliminate a minimal distance requirement for military travel reimbursement.***
- ***Oppose recommendations to convert the military retirement systems to a civilian-style vesting system.***
- ***Pass current legislation honoring as veterans certain career retirees of the Guard/Reserve***

Guard/Reserve GI Bill – The Coalition is most grateful to Congress for passage of the Post-9/11 GI Bill (Chapter 33, 38 U.S. Code), which includes a provision for reservists to accrue benefits for operational active duty service. However, Selected Reserve GI Bill benefits (Chapter 1606, 10 USC) have not been adjusted proportionally for more than 13 years.

The Coalition recommends the Subcommittee:

- ***Raise Chapter 1606 benefits to the original benchmark of nearly 50 cents to the dollar for the active duty GI Bill – benefits have plummeted to less than 22 cents to the dollar since 1999; alternatively, authorize the transfer of Chapter 1606 to Title 38 for integration with other GI Bill programs supporting recruitment, retention and re-adjustment outcomes.***

Guard/Reserve Family Support Programs – The Coalition appreciates the upgrades in outreach programs and services for returning Guard-Reserve families. Family readiness programs are essential to unit readiness, especially when families are geographically dispersed. Family readiness programs in the Reserve Component should be agile and flexible enough to respond to the changing needs of the unit whether in drilling status or activated status.

The Coalition urges the Subcommittee to:

- *Review the adequacy of programs to meet the special information and support needs of families of individual reserve augmentees or those who are geographically dispersed.*
- *Foster programs among military and community leaders to support service members and families during all phases of deployments.*
- *Provide preventive counseling services for service members and families.*
- *Authorize child care, including respite care, for family readiness group meetings and drill time.*
- *Ensure family readiness programs are agile and flexible enough to respond to the changing needs of units whether in drilling or activated status.*

Retiree Issues

Military Retirement Reform – Whenever military budgets get tight, budget analysts and chartered task forces propose military retirement cutbacks.

The Coalition appreciates Congress' wise action in modifying the composition of the Administration-proposed Military Compensation and Retirement Modernization Commission and eliminating restrictions under which its recommendations may be considered by Congress.

We strongly believe that any proposed changes recommended by the Commission must be considered in light of previous Congressional reform efforts and thoroughly vetted in the public forum.

The basic principles of the existing compensation system were designed to foster and maintain the profession of arms as a “dignified, respected, sought after, and honorable career” as outlined in DoD's *Military Compensation Background Papers*.

The unique military retirement package we have today was formulated to offset the extraordinary demands and sacrifices inherent in a service career. These benefits provide a powerful incentive for top-quality people to serve 20-30 years in uniform as eloquently articulated by the Secretary of the Air Force during his January 18, 1978 testimony before the President's Commission on Military Compensation:

“The military services are unique callings. The demands we place on our military men and women are unlike those of any other country. Our worldwide interests and commitments place heavy burdens and responsibilities on their shoulders. They must be prepared to live anywhere, fight anywhere, and maintain high morale and combat efficiency under frequently adverse and uncomfortable conditions. They are asked to undergo frequent exposure to risk, long hours, periodic relocation and family separation. They accept abridgement of freedom of speech, political and organizational activity, and control over living and working conditions. They are all part of the very personal price our military people pay.

“Yet all of this must be done in the light of – and in comparison to – a civilian sector that is considerably different. We ask military people to be highly disciplined when society places a heavy premium on individual freedom, to maintain a steady and acute sense of purpose when some in society question the value of our institutions and debate our national goals. In short, we ask them to surrender elements of their freedom in order to serve and defend a society that has the highest degree of liberty and independence in the world. And, I might add, a society with the highest standard of living and an unmatched quality of life.

“Implicit in this concept of military service must be long-term security and a system of institutional supports for the serviceman and his family which are beyond the level of compensation commonly offered in the private, industrial sector.”

There is no better illustration of that reality than the past twelve years of war. Absent the career drawing power of the current 20-year retirement system and its promised benefits, the Coalition asserts that sustaining anything approaching the needed retention rates over such an extended period of combat deployments would have been simply impossible.

The crucial element to sustaining a high-quality, career military force is establishing a strong bond of reciprocal commitment between the service member and the government. If that reciprocity is not fulfilled, if we break faith with those who serve, retention and readiness will inevitably suffer.

The Coalition believes the government has a unique responsibility to this small segment of Americans that goes far beyond any civilian employer’s obligation to its employees. We actively induce these citizens to subordinate their interests to that of America’s for periods of 20 to 30 years. No private employer would ever consider making such a request.

The uniformed services retirement system has had its critics since the 1970s and even earlier.

In the 1980s, budget pressures led to amending retirement rules twice for new service entrants:

- Basing retired pay calculations on the high-36-month average of basic pay instead of final basic pay (1980), and
- Enacting the REDUX system that cut 20-year retired pay value by more than 25% (1986).

At the time the REDUX plan was being considered, then-Secretary of Defense Caspar Weinberger strongly, but unsuccessfully, opposed it (see attached letter), arguing the change would harm retention and degrade readiness. “It says in absolute terms,” said Weinberger, “that the unique, dangerous, and vital sacrifices they routinely make are not worth the taxpayer dollars they receive.”

When his prediction concerning adverse retention consequences proved all too accurate in the 1990s, Congress repealed REDUX in 1999 at the urging of the Joint Chiefs of Staff.

Since then innumerable studies and task forces have recommended even more dramatic changes, usually either to save money, to make the system more like those offered under civilian programs, or both.

Most recently, groups such as the National Commission on Fiscal Responsibility and Reform (Bowles-Simpson), the Debt Reduction Task Force (Domenici-Rivlin), the Sustainable Defense Task Force (Congressional), and the Defense Business Board's (DBB) "Modernizing the Military Retirement" Task Group all recommended radically revamping the system more on civilian lines, significantly reducing military retirement compensation.

Secretary Gates criticized the 20-year retirement system as "unfair" to those who leave service before that point, pointing out that vesting options are provided to civilian workers. Therefore he directed the DBB to identify alternative options. In his final appearance before the Senate, Gates endorsed an early vesting program, noting that "70 to 80 percent of the force does not stay until retirement but leaves with nothing."

However, there is no support for spending more money on military retirement, so the vesting options proposed to date — including those of the DBB and the DoD-sponsored 11th Quadrennial Review of Military Compensation (QRMC) — would fund new transportable benefits by imposing dramatic benefit cuts for the 17 percent who complete decades in uniform.

All too aware of the lessons of learned, Congress has wisely ignored and dismissed these recommendations which propose far more severe retirement cuts than REDUX entailed.

The existing retirement system is often characterized as "inflexible", limiting the ability of Service personnel managers to more precisely and effectively manage the force. The Coalition strongly disagrees.

The Services already have substantial authority to adjust force structure by (a) revising high-year-of-tenure limits, (b) to enforce the unique military "up-or-out" promotion system, (c) to incentivize voluntary separations, and (d) to bring about voluntary or mandatory early retirements.

The Services routinely tighten retention and reenlistment incentives and other restrictions when budget considerations create a need for additional separations and retirements. And when necessary, Congress has provided additional special drawdown authorities to create the right force structure.

However, the reality is that precisely planned force management initiatives are regularly abandoned in the wake of real-world events that often force dramatic reversals of planned actions. Reform measures which envision delaying retirement until age 57 or 60 belie the reality that the Services don't need or want the vast majority of members to stay in uniform that long, especially true for the Army and the Marine Corps.

Service desires for unlimited flexibility to shape the force may be appropriate for the management of hardware and other non-sentient resources. However, the Services are dependent upon attracting and retaining smart people who understand all too well when their leaders place no limits on the sacrifices that may be demanded of them, but also wish to reserve the right to change the rules on them and kick them out at will...even while building a system that assumes they will be willing to serve under these conditions until age 60.

Service members from whom we demand so much deserve some stability of career expectations in return. It is only reasonable.

The Coalition believes “civilianizing” the military benefit package will dramatically undermine the primary military career retention incentive, as they increase the incentives to leave and reduce the incentives to stay.

Moreover, we believe it is irresponsible to focus on budget and “civilian equity” concerns while ignoring the primary purpose of the retirement system – to ensure a strong and top-quality career force in spite of arduous service conditions which no civilians experience and few are willing to accept.

America will remain the world’s greatest superpower only as long as it continues to fulfill its reciprocal obligation to the all-volunteer career force.

The Coalition urges the Subcommittee to oppose any initiative which would “civilianize” the military retirement system, ignore the lessons of the ill-fated REDUX initiative, and inadequately recognize the unique and extraordinary demands and sacrifices inherent in a military career.

Retired Pay Cost of Living Adjustments (COLA) – The passage of the Bipartisan Budget Act of 2013 (BBA) was proclaimed as a bi-partisan, two-year sequestration alleviating budget deal. The bill was enacted to ease the harmful effects of sequestration for two years for the Department of Defense and it was accomplished by breaking long-standing commitments to service members who serve our Nation for over 20 years. It was a backroom, 11th hour deal rushed through both the House and Senate, bypassing the committees of jurisdiction.

The Coalition recognizes the magnitude of the nation’s debt problem and agrees that solving this will require sacrifice from all sectors of the federal government – including the Pentagon. However, the defense budget didn't cause this problem and it shouldn't carry a disproportionate brunt of the solution – especially the one weapon system that has consistently answered the call regardless of the demands we have asked of them – those who serve and have served in uniform.

The financial impact was anything but a “small” adjustment. For example, an E-7 retiring this year with 20 years of service would have seen an average loss of over \$3,700 per year. By the time he/she reaches age 62, the cumulative loss would have \$83,000; more than three years’ of his or hers original retired pay of \$23,000 annually.

When the Coalition pointed out that the BBA would adversely impact medically retired personnel as well as survivors, members of Congress quickly took steps to exempt Chapter 61 retirees and survivors.

Shortly thereafter, Congress enacted S. 25 (PL 113-82) which grandfathered current working age retirees and any currently serving member who entered the service prior to January 1, 2014.

The Coalition thanks the subcommittee for their efforts to provide relief from this eleventh-hour deal; however, we prefer to have had full repeal in light of the ongoing Military Compensation and Retirement Modernization Commission’s work on the entire pay and benefits system review.

The Coalition urges the Subcommittee to:

- *Guard against any discriminatory treatment of uniformed services' retired members compared to other federal retirement, or federal COLA-eligible, by maintaining/enhancing the equity of annual COLAs.*
- *Work to ensure continued fulfillment of congressional COLA intent, as expressed in House National Security (HNSC) Committee Print of Title 37, USC: "to provide every military retired member the same purchasing power of the retired pay to which he was entitled at the time of retirement [and ensure it is] not, at any time in the future...eroded by subsequent increases in consumer prices."*
- *Ensure equal treatment of all uniformed service personnel, to include NOAA/USPHS/USCG personnel, in conjunction with any retirement/COLA legislation.*
- *Monitor any proposed Bureau of Labor and Statistics (BLS) adjustments to the Consumer Price Index (CPI) calculation process such as the adoption of the chained-Consumer Price Index (CPI) that insidiously would devalue retirement, disability compensation, and other programs over time.*
- *Monitor action on Budget Resolution, Omnibus Budget Reconciliation, Social Security reform initiatives, and other proposals to guard against discriminatory treatment of uniformed services retired members.*

Concurrent Receipt – Congress clearly recognized the inequity of the disability offset to earned retired pay during the past decade and has gone to great lengths established a process to end or phase out the offset for many disabled retirees. The Coalition is extremely grateful for the Subcommittee's efforts to continue progress in easing the adverse effects of the offset.

In that vein, we are very pleased Congress secured the resources to fix a long-standing inadvertent "glitch" in the statutory computation formula for Combat-Related Special Compensation (CRSC). This was clearly a victory for our war wounded veterans.

The Coalition strongly believes in the principle that career military members earn their retired pay by service alone, and that those unfortunate enough to suffer a service-caused disability in the process should have any VA disability compensation from the VA added to, not subtracted from, their service-earned military retired pay.

In 2010, we were very optimistic that another very deserving group of disabled retirees – those forced into medical retirement short of 20-years of service – would become eligible for concurrent receipt when the White House included a concurrent receipt proposal in the Budget Resolution – the first time in history any Administration had ever proposed such a fix.

The proposal would have expanded concurrent receipt eligibility over a five year period to all those forced to retire early from Service due to a disability, injury, or illness that was service-connected (chapter 61 retirees). We were dismayed that, despite the Subcommittee's leadership efforts and White House support, the provision has not yet been enacted – an extremely disappointing outcome for a most deserving group of disabled retirees.

We recognize only too well the challenges associated with adding new mandatory spending provisions in this difficult budget environment. But making at least some progress to address this grievous inequity

(e.g., covering all 100-percent disabled retirees with less than 20 years of service) remains an important goal.

The Coalition recommends the Subcommittee:

- ***Expand Concurrent Retirement and Disability Payments (CRDP) to disabled retirees not eligible under the current statute, to include vesting of earned retirement credit for Chapter 61 retirees with less than 20 years of service.***
- ***Enact legislation to ensure a disabled retiree's CRSC disability compensation cannot be reduced when one's VA disability rating increases until afforded the opportunity to elect between CRSC or CRDP.***

Fair Treatment for Service members Affected by Force Reductions – Throughout the 1990s and into the early 2000s the services had several drawdown tools at their disposal to incentivize members to voluntarily leave the service: Voluntary Separation Incentive (VSI), Special Separation Benefit (SSB), and Temporary Early Retirement Authority (TERA). The recently reauthorized TERA will greatly aid the Services in anticipation of significant force drawdowns and combat forces depart southwest Asia.

During any force reduction, service members who intend to make the service a career are forced out. We believe the Nation should recognize their service and provide a "transportable" benefit for those that have their careers curtailed involuntarily short of 20 years.

The Coalition emphasizes that this limited "vesting" initiative should be applied only during periods of significant force reductions and funding for it should not come at the expense of those who serve 20 years or more.

Authorizing separated service members the ability to contribute part or all of their involuntary or voluntary separation pay into their Thrift Savings Plan (TSP) account would appropriately recognize their past service and provide a level of "transportable" career benefit under these difficult times.

The Coalition recommends enacting temporary legislation to authorize separating service members the ability to contribute part or all of their involuntary or voluntary separation payments into their Thrift Savings Plan (TSP) account to recognize their past service and provide a "transportable" career benefit under force drawdowns.

Uniformed Services Former Spouses' Protection Act (USFSPA) –

The Coalition recommends the Subcommittee pursue legislation that eliminates the USFSPA inequities by building a consensus to enact legislation to include all of the following:

- ***Base the award amount to the former spouse on the grade and years of service of the member at time of divorce (and not retirement).***
- ***Prohibit the award of imputed income or "forced retirement" of active duty members.***
- ***Extend 20/20/20 benefits to 20/20/15 former spouses.***
- ***Eliminate Inequities in SBP Coverage.***
- ***Eliminate the "10-year Rule" for the direct payment of retired pay allocations by the Defense Finance and Accounting Service (DFAS).***

- *Assist the DoD and Services with greater outreach and expanded awareness to members and former spouses of their rights, responsibilities, and benefits upon divorce.*

Survivor Issues

The Coalition is grateful to the Subcommittee for its significant efforts in the past decade to improve the Survivor Benefit Plan (SBP), especially its major achievement in 2005 eliminating Widow Tax, the Social Security offset that SBP survivors encountered upon attaining age 62. Yet, there is still more to do when looking at the plight of our widows.

SBP-DIC Offset – The Coalition believes strongly that current law is unfair in reducing military SBP annuities by the amount of any survivor benefits payable from the DIC program.

If the surviving spouse of a retiree who dies of a service-connected cause is entitled to DIC from the Department of Veterans Affairs and if the retiree was also enrolled in SBP, the surviving spouse's SBP annuity is reduced by the amount of DIC. A pro-rata share of the SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. This offset also affects all survivors of members who are killed on active duty.

The Coalition believes SBP and DIC payments are paid for different reasons. SBP is insurance purchased by the retiree and is intended to provide a portion of retired pay to the survivor. DIC is a special indemnity compensation paid to the survivor when a member's service causes his or her premature death. In such cases, the VA indemnity compensation should be added to the SBP annuity the retiree paid for, not substituted for it.

In comparison federal civilian retirees who are disabled veterans and die of military-service-connected causes can receive DIC without losing any of their federal civilian SBP benefits.

The reality is that, in every SBP-DIC case, active duty or retired, the true premium extracted by the service from both the member and the survivor was the ultimate one – the very life of the member. This reality was underscored by the August 2009 Federal Court of Appeals ruling in *Sharp v. U.S.* which found, "After all, the service member paid for both benefits: SBP with premiums; DIC with his life."

The Veterans Disability Benefits Commission (VDBC) was tasked to review the SBP-DIC issue, among other DoD/VA benefit topics. The VDBC's final report to Congress in 2007 agreed with the Coalition in finding that the offset is inappropriate and should be eliminated.

In 2005 then-Speaker Pelosi and other House leaders made repeal of the SBP-DIC offset a centerpiece of their GI Bill of Rights for the 21st Century.

Leadership has made great progress in delivering on other elements of that plan, but the only progress to date on the SBP-DIC offset has been the enactment a small monthly Special Survivor Indemnity Allowance (SSIA).

The Coalition recognizes that the Subcommittee's initiative in the FY2008 defense bill to establish the SSIA was intended as a first, admittedly very modest, step in a longer-term effort to phase out the Dependency and Indemnity Compensation (DIC) offset to SBP.

We're very grateful for the Subcommittee's subsequent efforts to increase SSIA amounts as additional steps toward the goal of eliminating the offset.

While fully acknowledging the Subcommittee's good-faith efforts to win more substantive progress, the Coalition shares the extreme disappointment and sense of abandonment of the SBP-DIC widows who are forced to sacrifice up to \$1,233 each month and being asked to be satisfied with a \$150 monthly rebate.

The Coalition understands the mandatory-spending constraints the Subcommittee has faced in seeking redress, but also points out that those constraints have been waived for many, many far more expensive initiatives, including the recent extension of civilian unemployment benefits.

The Eleventh Quadrennial Review of Military Compensation released in June of 2012 recognized that the Survivor Benefit Plan (SBP) annuity for reserve component personnel who die while performing inactive duty is significantly less than the benefit available to survivors of active duty members and reserve members who die on active duty. Despite their inactive status, these reservists are still performing military duties at the time of their death. The review report recommends calculating SBP benefits for a reservist who dies while performing active duty training using the same criteria as for a member who dies while on active duty. The Coalition believes widows whose sponsors' deaths were caused by military service should not be last in line for redress.

The Coalition urges the Subcommittee to:

- *Continue pursuing ways to repeal the SBP-DIC offset.*
- *Authorize SBP annuities to be placed into a Special Needs Trust for permanently disabled survivors who otherwise lose eligibility for state programs because of means testing.*
- *Reduce the age for paid-up SBP to age 67 for those who joined the military at age 17, 18 or 19.*
- *Reinstate SBP annuities to survivors who transfer it to their children when the children reach majority, or when a subsequent remarriage ends in death or divorce.*
- *Calculate the SBP annuity for a reservist who dies while performing inactive duty training using the same criteria as a service member who dies while on active duty.*

Final Retired Pay Check – Under current law, DFAS recoups from military widows'/widowers' bank accounts all retired pay for the month in which a retiree dies. Subsequently, DFAS pays the survivor a pro-rated amount for the number of days of that month in which the retiree was alive. This often creates hardships for survivors who have already spent that pay on rent, food, etc., and who routinely are required to wait several months for DFAS to start paying SBP benefits.

The Coalition believes this is an extremely insensitive policy imposed by the government at the most traumatic time for a deceased member's next of kin. Unlike his or her active duty counterpart, a retiree's survivor receives no death gratuity. Many older retirees do not have adequate insurance to provide even a moderate financial cushion for surviving spouses.

In contrast to the law governing military retired pay treatment of survivors, the Title 38 statute requires the VA to make full payment of the final month's VA disability compensation to the survivor of a disabled veteran.

The disparity between DoD and VA policy on this matter is indefensible. Congress should do for retirees' widows the same thing it did ten years ago to protect veterans' widows.

TMC urges the Subcommittee to authorize survivors of retired members to retain the final month's retired pay for the month in which the retiree dies.

Health Care Issues

Service vs. Beneficiary Needs – Unlike civilian healthcare systems, the military health system is built mainly to meet military readiness requirements rather than to deliver needed care efficiently to beneficiaries.

Each Service maintains its unique facilities and systems to meet its unique needs, and its primary mission is to sustain readiness by keeping a healthy force and sustaining capacity to treat casualties from military actions – a model that is not built for cost efficiency.

When military forces deploy, the military medical force goes with them and that forces families, retirees and survivors to use the more expensive civilian health care system in the absence of so many uniformed health care providers. This shift in the venue of care and the associated costs are completely out of beneficiary control.

These military-unique requirements have significantly increased readiness costs. But those added costs were incurred for the convenience of the military, not for any beneficiary consideration, and beneficiaries should not be expected to bear any share of military-driven costs – particularly in wartime.

The Coalition strongly rejects the FY 2015 efforts to seek dramatic beneficiary cost increases as a first cost-containment option. Instead of imposing higher fees on beneficiaries as the first budget option, DoD leaders must be required to fix/consolidate redundant, counterproductive DoD health systems.

Failure to do so has added billions to defense health costs.

Specifically:

- Decades of GAO and other reports demonstrate DoD cost accounting systems lack transparency and are un-auditable.
- There is no single authority over three separate service health systems and multiple contractors that compete for budget share in self-defeating ways
- Leaders and the Services have ignored 19 studies by GAO, IG and others since 1947, all showing consolidation of policies, medical budget oversight and execution would save billions
- Last century contract system undermines capacity for best practices
- Military treatment facilities are 25% less costly – but 27% underutilized

- DoD-sponsored reviews indicate more efficient organization could cut health costs 30% without affecting care or beneficiary costs
- Incentives to providers are not sufficiently based on quality-driven clinical outcomes that reward efficiency and value
- Referral requirements that add complexity and actually inhibit timely delivery of needed and cost-effective care should be eliminated (e.g., referral is not required for emergency room visits, but is required for acute care facilities, leading many TRICARE Prime beneficiaries to routinely visit far-more-expensive emergency rooms on weekends and evenings)
- Current inflexible appointing systems inhibit beneficiary access to care

These are only some of the examples demonstrating that could dramatically reduce defense health costs without affecting care or costs for beneficiaries.

The Coalition urges the Subcommittee to direct DoD to pursue any and all options to improve efficient and cost-effective care delivery in ways that do not disadvantage beneficiaries rather than simply shifting more costs onto beneficiaries.

Military vs. Civilian Cash Fees Is “Apple to Orange” Comparison – The Coalition continues to object strongly to simple comparisons of military vs. civilian cash fees. Such “apple to orange” comparisons ignore most of the very great price career military members and families pay for their coverage in retirement.

The unique package of military retirement benefits – of which a key component is a superior health care benefit – is the primary offset provided uniformed service members for enduring a career of unique and extraordinary sacrifices that few Americans are willing to accept for one year, let alone 20 or 30. It is an unusual and essential compensation package a grateful Nation provides to the small fraction of the population who agree to subordinate their personal and family lives to protecting our national interests for so many years.

For all practical purposes, those who wear the uniform of their country are enrolled in a 20- to 30-year pre-payment plan that must be completed to earn lifetime health coverage. Once that pre-payment is already rendered, the government cannot simply ignore it and focus only on post-service cash payments – as if the past service, sacrifice, and commitments had no value.

DoD and the Nation – as good-faith employers of the trusting members from whom they demand such extraordinary commitment and sacrifice – have a reciprocal health care obligation to retired service members and their families and survivors that far exceeds any civilian employer’s.

It’s true that many private sector employers are choosing to shift more healthcare costs to their employees and retirees, and that’s causing many still-working military retirees to fall back on their service-earned TRICARE coverage. Fallout from the recession has reinforced this trend.

Efforts to paint this in a negative light (i.e., implying that working-age military retirees with access to civilian employer plans should be expected to use those instead of military coverage) belie both the service-earned nature of the military coverage and the long-standing healthcare promises the government aggressively employed to induce their career service.

The Coalition urges the Subcommittee to continue to reject simple comparisons of military-to-civilian cash healthcare fees as grossly devaluing career service members' and families' extraordinarily steep nonmonetary contributions through decades of service and sacrifice.

Wounded, Ill, and Injured Service Member Care

TMC believes strongly that active DoD and VA collaboration is not only essential to achieving seamless transition, such cooperation is also critical to the long-term sustainability of our defense strategy, the health and wellness of the All-Volunteer Force and the acknowledgement of our country's commitment and moral obligation to the long-term care and support for those who served.

As the military exits Afghanistan, the Coalition worries about the stability and viability of the policies, programs, and services over the long haul intended to care and support our wounded, ill, and injured and their families-caregivers.

Thanks to the Subcommittee's efforts, policy, program and service enhancements have greatly enhanced system capacities and capabilities. Since 2007, every National Defense Authorization Act has built upon institutionalizing a seamless, unified and synchronized health systems-approach for caring and supporting our wounded heroes and their families. .

The Coalition commends DoD and VA for the milestones they have achieved to make these systems better over the last decade. We believe greater progress can be made if the Departments more aggressively pursue collaborative partnerships with other government agencies and non-government entities to drive down costs, support seamless transition efforts, and improve continuity of medical care. Both agencies have stated repeatedly that 'they can't meet the needs of our recovering warriors without the help of outside organizations' – yet, DoD and VA continue to remain isolated and closed systems, not drawing on or leveraging the very public-private partnerships they say they want and need.

The challenges are many, and the policy and program issues remain extremely complex and seemingly difficult to overcome. However, TMC believes collaborative efforts of the Administration, Congress, the Pentagon and Military Services, and VA working together with military and veteran organizations and beneficiaries can remove these barriers and simplify the systems.

DoD – VA Oversight, Accountability and Integration – Since the Pentagon and VA have relegated responsibility and authority to lower levels of the agencies, TMC has seen an expansion of uncertainty and confusion as to what the hundreds of wounded, ill and injured programs are doing, what the span of control is over these programs, or what the return on investment, efficacy, or effectiveness of these program in meeting the needs of a growing population of military, veterans and families that are and will be accessing these systems of care.

The limited authority of the VA/DoD Joint Executive Council and visibility of these important issues are making it difficult for senior official involvement and oversight on these matters and limiting the Department's ability to fully establish a synchronized, uniform and seamless approach to care and services. Additionally, significant changes in the DoD civilian and military leadership and threats of significant budget cuts make caring for our wounded warriors more critical than ever before.

While many well-meaning and hard-working military and civilians are doing their best to keep pushing progress forward, leadership, organization, and mission changes have left many leaders frustrated with the process, insufficient resources, and struggling to effect needed changes.

The Coalition urges joint hearings by the Armed Services and Veterans Affairs Committees to assess the effectiveness of current seamless transition oversight efforts and systems and to solicit views and recommendations from DoD, VA, the military services, and non-governmental organizations concerning how joint communication, cooperation, and oversight could be improved.

The recent abandonment of the joint DoD-VA electronic medical record is particularly discouraging, given the broad consensus on how essential this joint record is to long-term success of seamless transition efforts.

The Coalition specifically recommends Congress:

- ***Hold joint hearings with the Veterans Affairs Committee addressing the Joint Executive Council's (JEC) effectiveness in daily oversight, management, collaboration, and coordination of the Departments' wounded warrior programs.***
- ***Continue to press for creation and implementation of a joint, bi-directional electronic medical record.***
- ***Provide permanent funding, staffing, and accountability for congressionally mandated Defense Centers of Excellence and associated mental-behavioral health, suicide prevention, alcohol and substance abuse, caregiver, respite, and other medical and non-medical programs.***
- ***Continue aggressive oversight of the Integrated Disability Evaluation and legacy disability evaluations systems to ensure preservation of the 30-percent threshold for medical retirement, consistency and uniformity of policies, ratings, legal assistance, benefits, and transitional services Defense-wide.***
- ***Standardize terminology, definitions, eligibility criteria, roles and responsibilities around policies, programs, services, and administration of medical and non-medical support (e.g., recovering warrior categories, all categories of case managers, caregiver support and benefits, power of attorney, and a comprehensive recovery plan).***
- ***Standardize the coordination of DoD-VA care, treatment and benefits of all Departments' case management programs, and medical and non-medical programs and services.***

Continuity of Health Care –Transitioning between DoD and VA health care systems remains a significant and one of the most challenging aspects of the care process to wounded warriors and their families. The medical systems continue to be overwhelming and confusing to those trying to navigate them, especially during times when individuals are experiencing a great deal of trauma and uncertainty about what the future holds at the same time coping the realities of their wounds and disabilities. Wounded warriors and their families continue to be less satisfied with their transition after separation or medical retirement and into longer-term care and support in either the military or VA medical systems.

Additionally, systemic, cultural, and bureaucratic obstacles often prevent the service member or veteran from receiving the continuity of care they need to heal and have productive and a high level of quality of life they so desperately need and desire. We hear regularly from members who have experienced significant disruptions of care upon leaving service, and frustration that many of the essential

rehabilitation services that were available on active duty are no longer available to them in the military health system and/or VA, such as behavioral health, cognitive rehabilitation services.

The Coalition urges Congress to:

- ***Secure the same level of payments, support and benefits for all uniformed services' wounded, ill, or injured (WII) in the line of duty.***
- ***Create a standardized curriculum and training programs for all DoD-VA mental-behavioral health providers and educational institutions in the diagnosis and treatment of PTS/PTSD/TBI.***
- ***Increase and improve the quality and timeliness of access to initial and follow-on appointments, treatment and services in DoD-VA systems, ensuring seamless transition of mental-behavioral health services are maintained for wounded, ill and injured, their families and caregivers across the Departments.***
- ***Ensure Guard and Reserve members have adequate access and treatment in the DoD and VA health systems for Post-Traumatic Stress Disorder and Traumatic Brain Injury following separation from active duty service in a theatre of operations.***

DoD-VA Integrated Disability Evaluation/Legacy Systems (IDES) – TMC still hears too many emotional stories of “low-balling” disabled service members’ disability ratings, or troops separated with service-connected conditions not documented or reported in records, causing members with significant disabling conditions to be separated and turned over to the VA rather than being medically retired—a troublesome trend today, especially for those in the Guard and Reserves.

Congress has taken positive steps to address this situation, including establishment of the Physical Disability Board of Review (PDBR) to give previously separated service members an opportunity to appeal too-low disability ratings.

The DoD-VA IDES pilot has been fully implemented and expanded, and is considered to be much more streamlined and non-adversarial, and more mechanisms in place to help members navigate and advocate for the member through the process, unlike its legacy system counterpart.

Unfortunately, some services still use loopholes, such as designating disorders as “existing prior to service,” even though the VA rated the condition as “service-connected” and the member was deemed fit enough to serve in a combat zone. The Coalition believes strongly that once we have sent a soldier, sailor, airman or marine to war, the member should be given the benefit of the doubt that any condition subsequently found should not be considered as existing prior to service.

The Coalition also agrees with the opinion expressed by former Secretary Gates that a member forced from service for wartime injuries should not be separated, but should be awarded a high enough rating to be retired for disability.

The Coalition recommends Congress:

- ***Preserve the statutory 30 percent disability threshold for medical retirement in order to provide lifetime TRICARE coverage for those who are injured while on active duty.***
- ***Reform the DoD disability retirement system to require inclusion of all unfitting conditions and accepting the VA’s “service-connected” rating.***

- *Ensure any restructure of the DoD and VA disability and compensation systems does not inadvertently reduce compensation levels for disabled service members.*
- *Eliminate distinctions between disabilities incurred in combat vs. non-combat when determining benefits eligibility for retirement.*
- *Tighten the Integrated Disability Evaluation System (IDES) (as recommended by the RWTF) to include reforms that:*
 - *Create of a “joint” formal physical evaluation board in order to standardize disability ratings by each of the Services.*
 - *Mandate in policy that all service members entering into a Medical Evaluation Board (MEB) be contacted by the MEB outreach lawyer to help navigate the board process upon notification that a narrative summary will be completed.*
- *Pursue improvements in identifying and properly boarding (medical evaluation and physical evaluation boards) Guard and Reserve members (to include the IRR) who have been wounded or incurred injuries or illnesses while activated but have had their conditions manifest or worsen post deactivation such as establishing policies that allow for the rapid issuance of Title 10 orders to affected Reserve Component (as recommended by the Recovering Warrior Task Force).*
- *Seek legislation to eliminate legacy DES so that that service members who are placed on the Temporary Disability Retirement List (TDRL) are afforded the opportunity to have the VA rate their disability by the IDES upon their removal from the TDRL.*
- *Revise the VA schedule for rating disabilities (VASRD) to improve the care and treatment of those wounded, ill, and injured, especially those diagnosed with PTSD and TBI.*
- *Bar the designation of disabling conditions as “existing prior to service” for service members who have been deployed to a combat zone.*

Caregiver/Family Support Services – The sad reality is that, for the most severely wounded, ill or injured service members, their family members or other loved ones often become their full-time caregiver. Many are forced to give up their jobs, homes, and savings to care for their loved one – an incredible and overwhelming burden for these individuals to shoulder.

The Coalition believes the government has an obligation to provide reasonable compensation and training for caregivers of veterans from all generations, who never dreamed that their own well-being, careers, and futures would be devastated by military-caused injuries to their service members.

The Coalition appreciates the Subcommittee’s sustained support for caregivers and requests additional steps be taken to ensure that non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage are provided health and respite care while the injured member remains on active duty, commensurate with what the VA authorizes for caregivers of wounded, ill, and injured veterans.

In a similar vein, many wounded or otherwise-disabled members experience significant difficulty transitioning to medical retirement status. To assist in this process, consideration should be given to authorizing medically retired members and their families to remain in on-base housing for up to one year after retirement, in the same way that families are allowed to do when a member dies on active duty.

Another important care continuity issue for the severely wounded, ill and injured is the failure to keep caregivers of these personnel involved in every step of the care and follow-up process, even when they have official documentation authorizing them as a caregiver or guardian. TMC continues to hear with great frequency, that clinicians and administrative staff in military treatment or VA facilities exclude caregiver participation, talking only to the injured member or excluding them completely in the process.

Congress, DoD and the VA have worked to get essential information to the wounded, ill, and injured and their caregivers. Similar efforts are urgently needed to educate medical providers and administrative staff at all levels that the final responsibility for ensuring execution of prescribed regimens of care for severely wounded, ill and injured service members typically rests with the caregivers, who must be kept involved and informed on all aspects of these members' treatment, appointments, and medical evaluations.

The Coalition recommends Congress:

- *Ensure wounded, ill and injured families and caregivers are an integral part of the rehabilitation and recovery team and be included in and educated about medical care and treatment, disability evaluation system processes, development and implementation of the comprehensive recovery plan, and receive DoD-VA support and guidance throughout the process.*
- *Provide enhanced training of DoD and VA medical and support staff on the vital importance of involving and informing designated caregivers in treatment of and communication with severely wounded, ill, and injured personnel.*
- *Provide health and respite care for non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage while the injured member remains on active duty, commensurate with what the VA authorizes for eligible caregivers of medically retired or separated members.*
- *Ensure consistency of DoD and VA caregiver benefits to ensure seamless transition from DoD to VA programs.*
- *Extend eligibility for residence in on-base housing for up to one year for medically retired and severely wounded, ill, and injured members and their families, or until the service member receives a VA disability rating, whichever is longer.*

Guard and Reserve Health Care – The Coalition is very grateful for sustained progress in providing reservists' families a continuum of government-sponsored health care coverage options throughout their military careers into retirement, but key gaps remain.

DoD took the first step in the 1990s by establishing a policy to pay the Federal Health Benefits Program (FEHB) premiums for G-R employees of the Department during periods of their active duty service.

Thanks to this subcommittee's efforts, considerable additional progress has been made in subsequent years to provide at least some form of military health coverage at each stage of a Reserve Component member's life, including TRICARE Reserve Select for actively drilling Guard/Reserve families and TRICARE Retired Reserve for "gray area" retirees.

But some deserving segments of the Guard and Reserve population remain without needed coverage, including post-deployed members of the Individual Ready Reserve and early Reserve retirees who are in receipt of non-regular retired pay before age 60.

In other cases, the Coalition believes it would serve Guard/Reserve members' and DoD's common interests to explore additional options for delivery of care to Guard and Reserve families. As deployment rates decline, for example, it would be cost-effective to establish an option under which DoD would subsidize continuation of employer coverage for family members during (hopefully less-frequent) periods of activation rather than funding year-round TRS coverage.

TMC continues to support closing the remaining gaps to establish a continuum of health coverage for operational reserve families.

The Coalition recommends:

- ***Providing Federal Employee Health Benefit Plan (FEHBP) beneficiaries the option of TRICARE Reserve Select (TRS).***
- ***Permitting members of the IRR to enroll in TRS as an incentive for their continued service.***
- ***Seeking improvements to the pre- and post-activation health assessment and corrective programs:***
 - ***Securing funds for government treatment of RC members to correct any medical or dental readiness deficiencies during periodic health assessment screenings.***
 - ***Expanding funded dental care to cover 180 days post activation.***
 - ***During periods of reintegration, funding and providing evidence-based care and services for RC members, including mental/behavioral health issues such as, substance abuse and suicide.***
- ***Through the use of innovative technologies, increasing access to VA/DoD health, dental, and behavioral health care for those residing in rural area.***
- ***Subsidizing premiums paid by private employer to allow continuation of private coverage during periods of activation as an option.***

Additional TRICARE Prime Issues – The Coalition strongly advocates for the transparency of healthcare information via the patient electronic record between both the MTF provider and network providers. Additionally, institutional and provider healthcare quality information should be available to all beneficiaries so that they can make better informed decisions with their healthcare choices.

The Military Coalition urges the Subcommittee to:

- ***Require increased DoD efforts to ensure electronic health record consistency between MTFs and purchased care sectors and provide beneficiaries with information to assist in informed decision making.***

Additional TRICARE Standard Issues – The Coalition appreciates the Subcommittee's continuing interest in the specific problems unique to TRICARE Standard beneficiaries. TRICARE Standard beneficiaries need assistance in finding participating providers within a reasonable time and distance from their home. This is particularly important with the expansion of TRICARE Reserve Select and the upcoming change in the Prime Service Areas, which will place thousands more beneficiaries into TRICARE Standard.

The Coalition is grateful that the FY2012 Defense Authorization Act extended through 2015 the requirement for DoD to survey participation of providers in TRICARE Standard.

However, we are concerned that DoD has not yet established benchmarks for adequacy of provider participation, as required by section 711(a)(2) of the FY2008 NDAA. Participation by half of the providers in a locality may suffice if there is not a large Standard beneficiary population, but could severely constrain access in other areas with higher beneficiary density.

The Coalition hopes to see an objective participation standard (perhaps based on the number of beneficiaries per provider) that would help shed more light on which locations have participation shortfalls of Primary Care Managers and Specialists that require intervention.

Further, the Coalition believes the Department should be required to take action to increase provider participation in localities where participation falls short of the standard.

A source of continuing concern is the TRICARE Standard inpatient copay for retired members, which now stands at \$708 per day or 25% of billed charges. The Coalition believes this amount already is excessive, and should continue to remain capped at that rate for the foreseeable future.

The Coalition urges the Subcommittee to:

- *Bar any further increase in the TRICARE Standard inpatient copay for the foreseeable future.*
- *Insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation to meet the threshold.*
- *Require a specific report on provider participation adequacy in the localities where Prime Service Areas will be discontinued under the new TRICARE contracts.*
- *Increase locator support to TRICARE Standard beneficiaries seeking providers who will accept new Standard patients, particularly for primary care and mental health specialties.*

Summary

The Military Coalition again thanks the Subcommittee for your unfailing support of the entire uniformed service community and for taking our concerns and priorities into consideration as you deliberate on the future of the one weapon system that has never let our Nation down – the men and women who wear and have worn the uniform and their families.