

**Testimony of Mr. Bill Secord**  
**First Officer, FedEx Express**  
**before the**  
**Subcommittee on Military Personnel**  
**U.S. House Committee on Armed Services**  
**“Views on H.R. 4298: Vietnam Helicopter Crew Memorial Act and H.R.**  
**5458: Veterans TRICARE Choice Act”**  
**September 8, 2016**

I'd like to start by thanking Chairman Heck, Ranking Member Davis and the distinguished Members of this Subcommittee for inviting me today. I'd also like to thank the Military Personnel Subcommittee staff, especially Jeanette James, for their substantive work to improve H.R. 5458, the Veterans TRICARE Choice Act.

I am pleased to testify in support of H.R. 5458, the Veterans TRICARE Choice Act. It is truly an honor to represent not only the many veterans within our Association but all of our nation's veterans and their families who have made such large sacrifices to protect our way of life.

Upon entering military service, every Active Duty, Reservist and National Guardsman is enrolled in the Defense Enrollment Eligibility Reporting System (DEERS). When the service member retires, he or she remains in DEERS and becomes immediately eligible for coverage under the TRICARE program. Simple TRICARE eligibility precludes the military retiree from making contributions to, or receiving employer contributions to, a Health Savings Account (HSA). This is because coverage options under TRICARE do not meet the minimum annual deductible requirements for a High Deductible Health Insurance Plan under Section 223 of the Internal Revenue Code.

The genesis of the Veterans TRICARE Choice Act came about during the FedEx pilot group's latest round of contract negotiations in 2014. Our healthcare experts proposed a high deductible health insurance plan accompanied by an HSA which would save our corporation money while protecting the pilot's healthcare benefits. While conducting additional research, we realized that TRICARE eligible pilots would not be allowed to participate in the HSA portion of the plan because, as I stated earlier, TRICARE is not HSA compliant under the Internal Revenue Code. We further realized that these negative consequences would not only impact our members, but all of our nation's TRICARE eligible veterans.

We brought this to Congressman Chris Stewart's attention, himself a decorated, world record holding B-1 bomber pilot for the Air Force. In a great example of inter-service support and bipartisanship, he joined forces with Congresswoman Tulsi Gabbard who currently serves as a Major in the Hawaii Army National Guard. With that, the Veterans TRICARE Choice Act was introduced.

This legislation solves the problem of a TRICARE eligible individual's inability to participate in an HSA by allowing the individual to voluntarily pause his or her TRICARE benefits in DEERS. During this period, the individual could participate in their employer's healthcare plan and HSA the same as their civilian coworkers. At any point in the future, if the individual decided that his or her TRICARE benefits would be a better fit, he or she could elect to return to TRICARE during an annual open enrollment period or upon a qualifying life event. The transition back to TRICARE is made possible because the military retiree's information is retained in DEERS. This bill gives TRICARE eligible individuals the flexibility to best care for their families and ensures them access to the same healthcare benefits that their civilian counterparts have.

Some might argue that access to a Health Reimbursement Account provides the same benefit as an HSA. While it is a similar benefit, there are some important differences. A Health Reimbursement Account is exactly that – an account for reimbursement. It is an employer-controlled account funded by only the employer to reimburse the employee for approved medical expenses. An HSA, however, is an account that is employee- controlled that the employer and employee may deposit money into together.

In 2016, an individual with family coverage may have up to \$6,750 deposited in an HSA with an additional \$1,000 for those 55 years of age and older. A military retiree who retires at 40 would potentially have \$178,750 deposited into an HSA over a 25-year period. This is money that can be invested and used for any future medical expense, tax-free. At the age of 65, the individual, at his or her discretion, may continue to use the money, tax-free, to cover medical expenses or may use the money for non-medical spending which would then be taxed at their current tax rate.

This legislation is a common sense solution to ensure that our veterans have access to the same healthcare options offered by their employers to their civilian coworkers and gives them the flexibility to make the best choices for their family's healthcare needs.

Thank you for your time and for your support of H.R. 5458. I look forward to your questions.