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BULLETIN

THE NEWSLETTER OF VETERANS UNITED FOR TRUTH, INC.

#38

"VETERANS STANDING UP FOR EACH OTHER"

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HELP DISPEL THE RUMORS - THE BEST SET OF ANSWERS SO FAR

TRICARE IMPACTS OF NATIONAL HEALTH REFORM

Military Officers' Association of America (MOAA) - 2010/03/23

MOAA's Member Service Center has been inundated with phone calls and e-mails asking how the recently passed national health reform legislation will affect military and VA beneficiaries. It's very early on in the process, and we don't have all the answers yet, but here are the best available answers to your most frequently asked questions.

GENERAL EFFECTS ON TRICARE AND VA CARE

Q1. I heard the new legislation will roll TRICARE into a massive government health care program. Is this true?

A1. Definitely not.

Q2. I've seen message traffic saying the new legislation poses a "sneak attack on TRICARE." Is that true?

A2. The Senate bill language has been public for months, and we don't believe there was any intent to disadvantage TRICARE beneficiaries, though it didn't explicitly state that TRICARE is "qualifying coverage." Just to make it clear, the House unanimously passed separate legislation on March 20, deeming TRICARE as "qualifying coverage" under the new law. On the Senate side, S. 3148 and S. 3162 have just been introduced to deem TRICARE "qualifying coverage". MOAA has written letters of support and we are hopefully they will pass the Senate soon. Defense Secretary Gates has issued a statement asserting that health reform "won't have a negative effect on TRICARE."

Everyone in the Administration and in the House and Senate, of both parties, agrees TRICARE and VA coverage must be held harmless. But there's been inevitable debate among legislators about who cares most and who's doing what to protect troops and vets.

MOAA doesn't care who gets the credit for making sure TRICARE is protected, and we take political hyperbole on both sides with an appropriate grain of salt.

Q3. What does deeming TRICARE as "qualifying coverage" mean?

A3. Under the new legislation, people who don't have qualifying coverage will have to pay a financial penalty. Since TRICARE and VA coverage will be qualifying coverage, those beneficiaries won't be subject to the penalty.

Q4. How about VA care?

A4. The new legislation states that care rendered under title 38 of the US Code (VA care) is also qualifying coverage.

Q5. I've seen message traffic saying that the new law will end TRICARE as of 2014, and that TRICARE beneficiaries will then have to buy other coverage. Is that true?

A5. That's definitely NOT true. There's nothing like that in the new law.

Q6. Can I expect my TRICARE enrollment fee, premiums, deductibles or co-pays to go up because of this legislation?

A6. No, there's nothing in the legislation that would change any TRICARE fees.

That said, it's unrealistic to think that TRICARE fees will never go up, even if retired pay doubles or triples over a retiree's lifetime. But it will be deficit concerns and DoD budget problems, not national health reform, that drive any future changes in TRICARE fees.

Q7. What's MOAA doing to make sure beneficiaries aren't negatively affected by the national health reform legislation?

A7. MOAA has pushed House and Senate leaders for much of the past year to make sure that language was included in any health care debate to protect the unique nature of military and VA health benefits and prevent taxation of those benefits.

We've generated more than 100,000 messages to Congress on that topic so far – more than any other association. That strong membership support has gotten results, as the combination of legislation already passed and legislation about to be finished by the Senate substantially accomplishes those objectives.

EFFECTS ON TRICARE FOR LIFE AND MEDICARE

Q8. Is TFL also “qualifying coverage” under the new law?

A8. Yes. Both Medicare and TFL are expressly deemed as such under the legislation already passed by both the House and Senate.

Q9. I understand Medicare is cut \$500 billion under the new law. Won't that have to cut payments to doctors and threaten TFL?

A9. It's true that the new law reduces Medicare spending by about that much, but most of those changes are relatively less painful ones that probably won't affect TRICARE or TFL beneficiaries much.

They include \$118 billion from eliminating the extra subsidy to the Medicare Advantage HMO program (which was sold to Congress as a cost-saver, but actually costs 14% more per person than Standard Medicare), cutting about \$150 billion from non-rural hospitals (which the hospital associations say they can handle because expanding insurance coverage to most Americans will mean they won't have to eat the cost of serving the uninsured), and cutting back abuses in medical equipment (under current systems, Medicare will buy you a wheelchair you may only need a few months, or allow a company to rent you one for life for a permanent condition). These are things most of us would probably push to consider if it were our own money paying for them (which it actually is).

Q10. Are you saying that the funding cut won't affect Medicare beneficiaries at all?

A10. No. But the implications are probably longer-term ones than shorter-term ones.

The real issue under national health reform is that the money from these Medicare savings will be used to fund expansion of health insurance coverage to those who don't have it now instead of being used to pay for needed fixes to Medicare.

It's hard to argue that reducing the number of uninsured would be a bad thing. But using the relatively “easy” Medicare savings initiatives to fund that means that when the baby boomers start swamping Medicare and Social Security in the next few years, Congress will be forced to look at more painful ways to fund that need.

And that's something that will be considered by the debt commission that is supposed to make recommendations by Dec. 1 on how to reduce the national debt. It's that coming commission that we think will really create some tough options for all Americans, and the military is unlikely to escape unscathed. We'll be keeping an eye on that and keeping our members informed.

MEDICARE/TRICARE PAYMENTS TO DOCTORS

Q11. Is it true that the new legislation cuts payments to doctors by 21%?

A11. No, that's NOT true. In fact, it's PREVIOUS law that calls for a 21% cut in Medicare and TRICARE payments to doctors as of April 1. Congress is working on separate legislation to prevent that from happening.

Q12. What's the status of legislation to reverse the 21% cut in Medicare/TRICARE payments to doctors?

A12. The Senate has passed legislation putting off the date of the cut from April 1 until October 1. The House has passed legislation putting it off only until May 1. Our sources tell us the Senate will pass the May 1 legislation.

One problem is that Congress is scheduled to take a two-week recess, and the April 1 deadline will occur right in the middle of the recess. So the short-term solution likely will be to “kick the can” for a month and take it up again when Congress returns after recess.

Getting a longer-term fix for the doctor payment problem remains MOAA's #1 health care priority.

Q13. Are there any changes in the new law that will affect payments to providers?

A13. Yes, there are some changes to periodic “market basket” and other assumptions that affect annual adjustments. These would generally tend to dampen annual increases over time, based on the assumption that productivity will improve over time. This is probably a weak assumption, given past experience with such things. If the expected productivity increases don't materialize, Congress may have to revisit these assumptions in the future.

On the other hand, the new legislation sustains a 5% increase in payments to mental health providers.

PHYSICAL, SPEECH, AND OCCUPATIONAL THERAPY

Q14. Does the new legislation do anything to fix the current \$1,860 cap on annual Medicare payments for outpatient physical, speech, and occupational therapy?

A14. Yes, the new legislation allows an exception to the cap (until Dec. 31, 2010) for medically necessary therapy. That's a big relief for accident and stroke victims who can run up big therapy bills quickly. But it means we'll have to get another extension before the end of the year.

COVERAGE FOR CHILDREN UNTIL AGE 26

Q15. I understand the new health care bill allows adult children to stay on their parent's healthcare plan until age 26 if their employers don't offer insurance. Will TRICARE adopt this policy?

A15. Yes, we expect TRICARE will do that.

Q16. When would I be able to take advantage of that new TRICARE option?

A16. It's hard to say at this point. It will take a law change (Rep. Martin Heinrich (NM-1) has introduced H.R. 4923, the TRICARE Dependent Coverage Extension Act), and the vehicle may be the FY2011 Defense Authorization Act, which probably won't become law until at least October, if not later.

Then, the Pentagon would have to negotiate a change to the TRICARE contract and issue new regulations, and get computers and finance systems changed. For past changes, that has taken anywhere from 12 to 24 months.

So it could be 12 to 24 months or more before the change takes effect for TRICARE.

Because such children aren't military dependents we expect the parent would be charged the full premium, which at this point is too early to guess, for TRICARE.

Q17. Is there anything I can do now to cover a child who is about to "age out" of TRICARE?

A17. Yes. TRICARE already offers coverage for people who lose TRICARE eligibility because of separation or children who lose eligibility because of age. It's called the Continued Health Care Benefit Program (CHCBP).

CHCBP is renewable in quarterly increments and costs about \$933 a quarter for an individual – but you have to sign up for it within a pretty short time after losing eligibility. If you have a child who's now age 25, that child doesn't qualify for CHCBP.

MOAA'S MEDIPLUS® TRICARE SUPPLEMENT

Q18. Will the new legislation affect my MEDIPLUS® TRICARE supplement in any way?

A18. At this point it's too early to know for sure. We don't think there will be any negative impact, but we're working to verify this with our insurance provider.

http://www.moaa.org/lac/lac_issues/lac_issues_major/lac_issues_major_hc/lac_issues_major_hc_reformfaq.htm#test1