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**U.S. Representative**

***John Spratt***

South Carolina ■ 5th District

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**News Release**

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**Spratt Hails Health Care Improvements  
as “Victory for Military Retirees”**

**WASHINGTON — U.S. Rep. John Spratt (D-SC) announced today that the House and Senate have reached agreement on a historic milestone for military retirees in the Defense Authorization Act for Fiscal Year 2001.**

“This bill will provide lifetime health care for all military retirees,” said Spratt. “House Democrats have pushed Congress to extend health care benefits, especially to military retirees over the age of 65, ever since the opening of this session, and we finally broke through. This is a clear victory for military retirees.”

Currently, once military retirees turn 65 or otherwise become eligible for Medicare, they are no longer eligible to participate in the Department of Defense’s (DoD’s) managed health care plan known as “TRICARE,” and are seen at military treatment facilities on a “space-available” basis. “Because of base closures,” said Spratt, “there has been a cutback in the space available for retirees at military treatment facilities. In addition, about 60 percent of retirees live more than 50 miles away from a military treatment facility. As a result, most retirees lose access to DoD’s health care system just when they need it most.”

The defense authorization bill contains a series of health care initiatives for military retirees. “The two biggest benefits for military retirees over age 65 are what we have dubbed ‘TRICARE for Life’ and “Triple-Option Prescription Drug Coverage,” said Spratt.

Specifically, the bill provides the following new benefits for all Medicare-eligible military retirees:

**Tricare for Life**

- Allows retirees 65 and older and their Medicare-eligible spouses and dependents to continue to enroll in TRICARE. This becomes effective October 1, 2001.
- For most medical services, TRICARE becomes a “second-payer” to Medicare. Retirees will not pay anything “out-of-pocket” for virtually all Medicare-approved services. In short, TRICARE becomes a comprehensive “Medigap” plan.

- For the few medical services not covered by Medicare, TRICARE becomes the primary payer, greatly reducing out-of-pocket costs.
- Allows enrollment in any one of the three TRICARE plans, which are:
  - TRICARE Standard***, once known as “CHAMPUS,” which operates similar to Blue Cross/Blue Shield, permitting the enrollee to choose his or her own medical care provider.
  - TRICARE Extra***, DoD’s Preferred Provider Option, which means that retirees can use DoD’s network of civilian providers.
  - TRICARE Prime***, DoD’s Health Maintenance Organization (HMO) option, which includes the DoD’s military treatment facilities, such as the Primary Health Care Clinic at Shaw Air Force Base.

## **Prescription Drug Coverage**

The new law will provide several different prescription drug coverage plans:

- Retirees can use the Department of Defense’s mail order system, where retirees can get a 90-day supply of prescription drugs for an \$8 co-payment per order.
- If enrolled in TRICARE Prime, retirees can get a 30-day order with a \$9 co-payment.
- Under either TRICARE Extra or Standard, retirees can get a 30-day order with a 20 percent co-payment at a network pharmacy.
- Retirees also have the option to use any retail pharmacy, subject to 25 percent co-payment
- Retirees who live near a base can continue to use base pharmacies at no cost.

## **Additional Information**

- There is no fee charged for enrolling in TRICARE for these retirees and their eligible family members. However, to participate, retirees who are already enrolled in Medicare Part B will be required to stay enrolled in Medicare Part B, and those who will become eligible for Medicare after the date of enactment must enroll in Medicare Part B. Medicare Part B premiums are currently \$45.50 per month, much lower than premiums for “Medigap” insurance plans that include prescription drug coverage.
- The Departments of Defense and Health and Human Services are authorized to

extend Medicare Subvention, also known as “TRICARE Senior Prime,” permanently. Under this system, Medicare reimburses DoD for medical treatment it provides to Medicare-eligible retirees and their eligible dependents, making it easier for DoD to treat these retirees at military treatment facilities.

“This is a full, generous package for military retirees,” said Spratt. “Furthermore, these benefits are entitlements, which means that retirees won’t depend on annual appropriations bills or compete with other defense priorities, like funding for readiness or new weapons systems. The Congressional Budget Office estimates that the entitlement spending from this bill will be \$61 billion from 2001 through 2010. In 2010, the entitlement costs will be almost \$10 billion. This is real money to address a real problem.”

“Without a doubt, it took a big bipartisan effort to reach agreement on this legislation,” said Spratt, “but it would not have happened without the prodding of House Democrats.”

Early in the year, House Democrats introduced legislation to make good on the promise of health care for retirees. Spratt was an early cosponsor of H.R. 3655, authored by Reps. Ike Skelton (D-MO), Neil Abercrombie (D-HI), and Gene Taylor (D-MS). This legislation was endorsed by The Military Coalition, which represents many different uniformed services and veterans’ organizations and more than 5.5 million current and former members of the Armed Forces and their families.

In March, the House Republican Budget Resolution did not accommodate any initiative for military retiree health care. The House Democratic Budget Resolution, authored by Spratt, provided \$16.3 billion over ten years to accommodate the major provisions of H.R. 3655.

“I was surprised that the House Republican Budget Resolution contained no funding to improve health care for Medicare-eligible retirees,” said Spratt, “but I was stunned when their final Budget Resolution offered only \$400 million over five years. That was a fraction of the amount we devoted to military retirees.” The Military Coalition publicly commended Spratt for his budget resolution’s attention to military retirees.

When the House Armed Services Committee first considered the defense authorization bill, the expansion of Medicare Subvention, a key element of H.R. 3655, was omitted and added only by an amendment offered on the House floor by Taylor. Spratt, a senior member of the committee, supported the amendment, and it was adopted overwhelmingly. At the start of the defense authorization conference, which reconciles differences between the House and Senate, Spratt joined House Democrats in offering and supporting a motion to instruct conferees to expand health care access to Medicare-eligible military retirees, which passed the House 416-2.

The Senate proposed extending TRICARE to Medicare-eligible retirees, but did so for only two years. “While the Senate had a good idea for extending TRICARE, it was flawed because it was not for life and was limited by the \$400 million provided in the Republican Budget Resolution,” said Spratt. In conference, the Senate at first refused to expand health care for military retirees beyond 2003. The Senate also insisted the costs be considered discretionary, where they would have to compete with DoD needs for tanks, planes, ships, readiness, military pay, and other important programs.

To break the logjam with the Senate, the House conferees proposed, on a bipartisan basis, to extend TRICARE to all Medicare-eligible military retirees (as the Senate proposed), but to make it an entitlement. “Late last night, agreement was finally reached on all the provisions in conference,” said Spratt. “I expect the House and Senate will vote on this package early next week, and I expect it to pass and then be signed into law by the President.”

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