



# House Budget Committee

## Democratic Caucus

U.S. Rep. John Spratt ■ Ranking Democratic Member

### News Release

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### Spratt Calls for Better Health Care for Military Retirees

*“This is an issue Congress should tackle this year,” Congressman says*



**WASHINGTON — U. S. Rep. John Spratt (D-SC) called for better health care for military retirees at a hearing Thursday in Washington, stressing the needs of retirees 65 and older.**

Spratt, Ranking Member of the Budget Committee and a senior member of the Armed Services Committee, spoke at a hearing by a Budget Committee task force on health care. The panel received testimony from Dr. James Sears, Department of Defense (DoD); Stephen Backhus, General Accounting Office; and William Meyer, Palmetto Government Benefits Administrators, a claims processing firm based in Columbia, S.C.



At the hearing, Spratt discussed legislation aimed at improving health care for military retirees — first considered on the House floor this year in Spratt’s budget resolution — and he questioned witnesses about ways to save on administrative costs and speed processing of claims.

#### Tricare Hearing

Reps. Spratt and McDermott, above, prepare to question witnesses Sears, Backhus, and Meyer.

The average cost of processing a Medicare claim is \$1.78 whereas the average cost of processing a Tricare claim is almost \$8.00.

The hearing centered on Tricare, DoD’s health care system. Tricare covers active-duty personnel and dependents, as well as eligible retirees and dependents. It offers three options — managed care, preferred-provider, and fee-for-service — and employs a network of civilian health care providers to complement military hospitals and clinics.

Tricare is not available to military retirees who are eligible for Medicare; that is, when they reach 65, they can no longer participate in Tricare and rely on Medicare. The reduction of military bases coupled with the growth in the retiree population has made it harder for retirees over 65 to get treatment at military facilities, even on a “space-available” basis.

“These retirees,” said Spratt, “have spent much of their adult lives in the military health care system, and they’ve become familiar with the system, and gotten get to know the doctors at the base and in the network where they retire. Then they turn 65, and in most cases, they have to build new relations with new doctors at an age when continuity of care is extremely important.”

Spratt said the budget offered by Democrats on the House floor this year was first to address this problem.

“We put \$16.3 billion in our budget over the next ten years to expand health care for military retirees who are eligible for Medicare. In part because of our budget, the House and Senate defense bills both expand care options for military retirees,” Spratt said.

The House bill expands “Medicare Subvention.” Under this plan, Medicare reimburses DoD for providing health care to Medicare-eligible military retirees, much as it pays health care providers in the private sector. The Senate bill allows military retirees 65 and older to stay in Tricare. A conference committee will work out the differences later this year.

Tricare was unveiled in the mid-1990s and is still coming to grips with claims processing, partly because claims are running 50 percent higher than first expected. “Claims management is only one of several problems Tricare has to resolve,” said Spratt. “But if Tricare can make claims submission more user-friendly and also make payments more promptly, it can attract more doctors; and that will make medical care better for active duty troops and retirees.”

Spratt said Tricare processed 32 million claims in 1999. “If we could save two dollars per claim,” he said, “we could have \$64 million more on hand to beef up Tricare networks, particularly in states like South Carolina.” And he pointed out that improving Tricare will be even more critical if Congress adopts a Senate bill to open Tricare to retirees 65 and older and their dependents.

“That would bring 1.4 million more people into Tricare, and with them, many more claims,” said Spratt. “We have to streamline the process if we are going to open Tricare to all military retirees.”

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