

ADVOCACY IN ACTION (AiA) 2024



ISSUE PAPERS

Star Act Issue Paper (426KB)

BAH Issue Paper (161KB)

TRICARE for Life Issue Paper (102KB)

See Issue Papers Below



Lt. Gen. Brian T. Kelly,
USAF (Ret)
President and CEO



Support Combat-Injured Veterans by Passing the Major Richard Star Act

Background: Combat-injured veterans forced into early retirement by their injury are not receiving their vested longevity pay. Reducing retirement pay because of a disability is an injustice. The Major Richard Star Act (H.R. 1282/S. 344) will correct this injustice.

UNDERSTANDING THE STAR ACT

The Major Richard Star Act will allow combat-injured veterans to receive their earned retirement pay and their disability compensation without offset.

DoD is responsible for retired pay, and VA is responsible for disability compensation. These are *two different payments for two different purposes*.

Reducing DoD retirement pay due to a combat injury, for the group of veterans that should be most protected, breaks faith with those who serve and will serve in the future. DoD data shows 65% of youth will not serve due to concerns of injury. Fixing concerns from parents and influencers is important in addressing a key recruiting challenge.

The Major Richard Star Act has overwhelming support in Congress and would end an unjust offset. This bipartisan legislation will support 52,304 combat injured veterans who receive combat-related special compensation (CRSC) and are not eligible to receive retired pay and VA disability pay without offset.

These individuals, often seriously disabled, are subject to an offset where their retirement pay is reduced for every dollar of VA disability received. In some cases, their retirement pay is eliminated. DoD is responsible for retired pay covering vested years of service (in the past), while the VA is responsible for disability compensation covering a lifelong injury (in the future).

Congress partially fixed this injustice in the FY 2004 NDAA. What wasn't corrected includes those who were injured in combat and forced to retire before completing 20 years of service, resulting in an offset where their retirement pay is reduced for every dollar of disability provided by the VA.

MAJ. RICHARD STAR, USAR (RET)

Maj. Star was an Army combat engineer who led route clearance and route construction missions in Afghanistan and Iraq. He was an energetic advocate for fellow combat-injured veterans. He died in 2021.

COST CONCERNS

Some lawmakers and staffers point to the projected cost of the Major Richard Star Act (\$9 billion over 10 years) as a reason it has not moved forward. MSOs/VSOs reject this approach for two reasons:

- The wrong message to servicemembers: Cost should not be a factor when addressing a long-term injustice faced by those injured in service. It's especially damaging during recruiting challenges.
- The wrong math: The Congressional Budget Office estimate fails to include a five-year phase-in, which will significantly reduce the full cost of the legislation. It assumes all 52,304 combat-injured veterans who'd be eligible to switch from CRSC to Concurrent Retirement and Disability Pay (CRDP) would do so. It's not a guarantee — about half of the veterans could benefit; the rest may choose to retain tax-free CRSC at no additional cost to the government.

The Star Act will authorize these combat injured for the existing DFAS annual CRSC/CRDP open season; each veteran can choose which option best fits their financial needs. The Star Act is not retroactive, does not include back pay, and is actuarially sound.

MOAA'S POSITION

Our combat-injured veterans earned their vested retirement pay for dedicated years of service and earned their disability compensation through extraordinary personal sacrifice. MOAA remains committed to working with Congress to find solutions to enable these retirees to receive the compensation they earned through their service and sacrifice.

Congress:

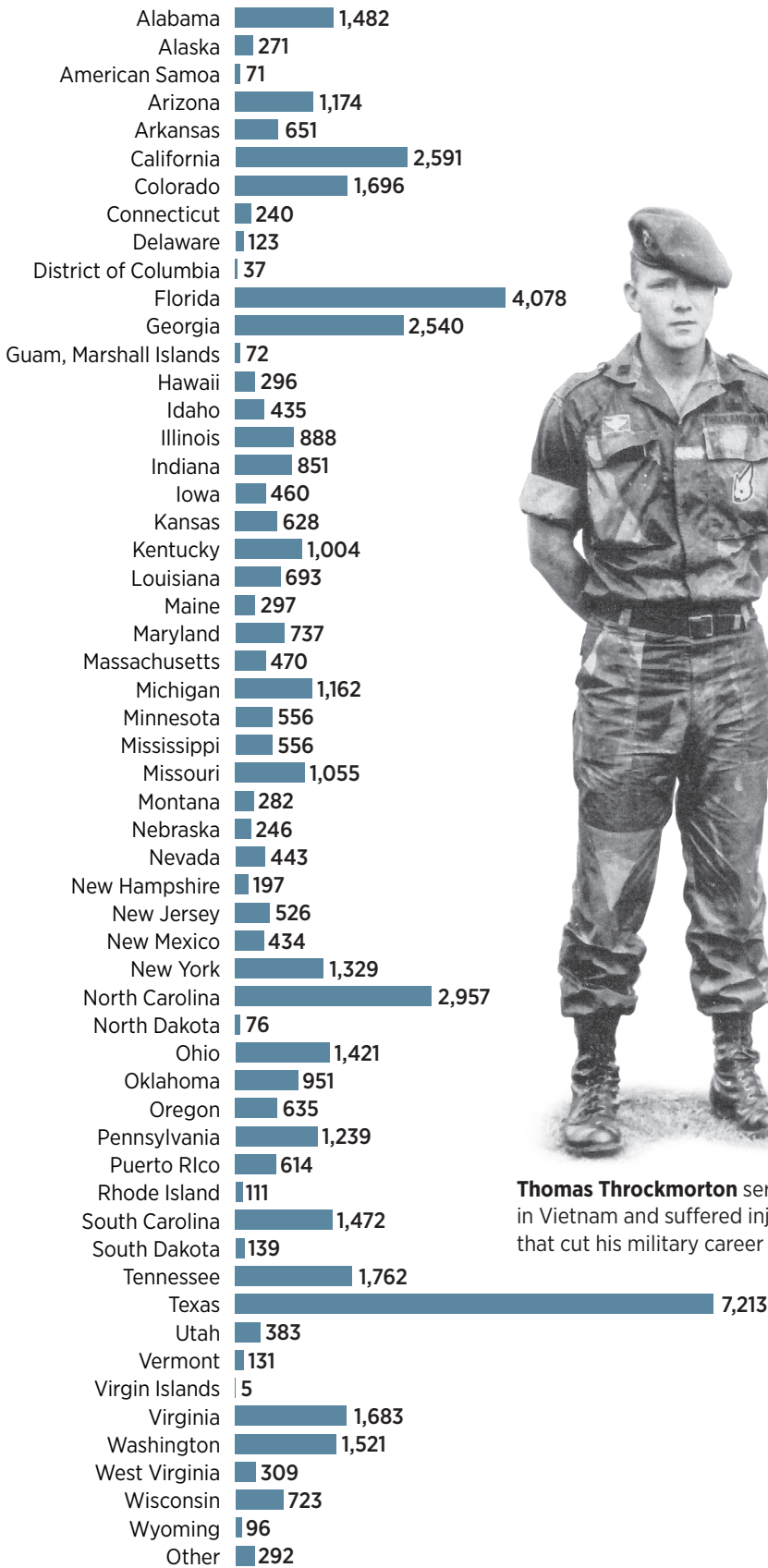
Support H.R. 1282/S. 344, The Major Richard Star Act, to ensure combat-injured veterans receive the vested retirement pay they earned and are no longer punished financially due to their injuries or illnesses. Authorize the Star Act in the National Defense Authorization Act.

MOAA Contact

Lt. Col. Mark Belinsky, USA (Ret)
Director,
Currently Serving and Retired Affairs
legis@moaa.org
(703) 549-2311



COMBAT-INJURED RETIREES BY STATE



Thomas Throckmorton served in Vietnam and suffered injuries that cut his military career short.

Combat-Injured Retirees Span Generations of War

Thomas Throckmorton, a young and career-focused Army officer, did not want to miss combat in Vietnam. It was 1964, and he believed the war would soon be over. He sought an overseas assignment and served alongside paratroopers in the 5th Vietnamese Airborne Battalion. On this first trip to Vietnam he survived a bullet to the stomach.

He healed, continued his career, and deployed again to Vietnam in 1969. This time, small arms fire pierced a helicopter he was riding in. The helo crashed in a paddy field and he was thrown out the open door. His pelvis broke in 24 places, his hip was destroyed, and his prior bullet wound added complications.

“Well that’s the end of your Army career,” a doctor quipped as Throckmorton arrived for surgery. Though Throckmorton was able to serve a few more years, the injuries led to a premature end to his career.

“I never forgot that. Of course, I was in it for the duration,” said Throckmorton, a medically retired officer and Chapter 61 retiree whose retirement pay is offset due to his VA disability pay. After 13 years in, his career aspirations were cut short. His retirement pay has been shortchanged for decades.

Because Throckmorton’s injuries occurred in combat, he would be among those retirees to benefit from the Major Richard Star Act. The beneficiaries of this law would span generations.

“I’m ... at the end of my life, so it’s not going to help me that much. But it will be nice for people to get it,” said Throckmorton.

While Congress attempted a partial solution for combat vets with the Combat-Related Special Compensation program, it doesn’t come close to fulfilling the offset, Throckmorton stressed.

“The thing that I never could quite understand is why, if they enacted Combat-Related Special Compensation, to replace the concurrent receipt ... why not make it fairly similar?”

— By Tony Lombardo, MOAA staff

SOURCE: DOD STATISTICAL REPORT ON THE MRS - SEPT. 30, 2022

GRAPHIC: JOHN HARMAN/STAFF

PHOTO: COURTESY OF MAJ. THOMAS THROCKMORTON, USA (RET)



2024 Team Packet

Congress: We need your help Pay Full Housing Costs for Servicemembers

We need your help

Our nation expects 100% from servicemembers. Ensure they get 100% of their housing allowance by supporting the BAH Restoration Act.

- Cosponsor H.R. 2537
- Cosponsor S. 1823

MOAA Contact



Cory Titus
Director,
Servicemember
Compensation and
Veteran Benefits
CoryT@moaa.org
703.838.8123

MOAA seeks to restore the Basic Allowance for Housing (BAH) to 100%.

BACKGROUND

In 2019, DoD reduced the BAH as a cost-saving measure. The reduction in BAH hit military families hard as housing costs and utilities increased and on-post housing quality declined. There should be no short-cuts when it comes to the all-volunteer force, the backbone of our nation's defense, which stands at a critical juncture. Servicemembers and their families face financial struggles at the same time the services face recruiting challenges. It's time for DoD to double down on investing in people, to honor the commitment of those currently in uniform and to ensure the sustainability of the all-volunteer force. It's time to fully fund BAH.

MILITARY PAY FUNDAMENTALS

Servicemembers have a job like few others, and they require a unique compensation package to match the rigors and requirements. They receive three distinct pays: BAH, Basic Allowance for Subsistence (BAS), and basic pay.

BAH is paid to cover housing costs at their duty station, along with utilities — BAH has a “with dependents” rate that covers a larger residence when applicable. BAS is a monthly stipend to cover food costs for the servicemember (not dependents). Finally, base pay is ultimately the salary they get to take home each month.

While all servicemembers receive basic pay, BAH and BAS are generally not paid to the servicemember if the government is covering the costs when deployed or while training. BAH and BAS are non-taxable, which creates a tax advantage unique to servicemembers. These three pays, plus the tax advantage, constitute the Regular Military Compensation (RMC) package.

AN INCREASE IS NOT A RAISE

To ensure servicemembers' compensation is not

eroded by rising costs, each of these pays is annually adjusted according to distinct government metrics meant to follow the changes in wages, food costs, and housing. The adjustments do not represent a net raise.

THE COMPENSATION ROLLER COASTER

From 2005 to 2015, during the height of the war on terror, DoD provided servicemembers with a housing allowance intended to cover 100% of local housing and utility costs. Led by Defense Secretary William S. Cohen, this was part of an effort in the early 2000s to “improve servicemembers' quality of life” and “make military housing privatization more attractive.” In a move authorized but not required by Congress, DoD implemented a 5% BAH cost share from 2015 to 2019 to “balance the growth in compensation costs.” Now DoD is once again issuing memos about how to strengthen support to servicemembers and their families and facing criticism over failures of the Military Housing Privatization Initiative. It's time to acknowledge the immediate benefits restoring BAH would have on financial security for troops and their families.

Over the past decade, a greater financial burden has shifted to servicemembers and their families:

- Pay increases from 2014-2016 fell short of inflation, leading to a 2.6% pay increase decrement.
- In 2015, DoD started reducing BAH by 1% each year until 2019.
- In 2018, the Blended Retirement System (BRS) essentially required new servicemembers (those not eligible for the legacy retirement plan) to contribute 5% of their paychecks to the Thrift Savings Plan to maximize matching contributions from DoD.

PUTTING THIS IN REAL DOLLARS

Due to these factors, servicemembers are compensated less than they were a decade ago (adjusted for inflation). The chart on the facing page shows the compound effect of reduced BAH, base pay increase

decrements, and the effect of BRS contributions. For a married E-5 with dependents, the aggregated effect of these changes in 2024 is a \$373 per month decrease in take-home pay.

Note: While MOAA is supportive of the BRS matching program, we recognize the added short-term strain this places on servicemembers seeking to receive a retirement equivalent to their predecessors.

REAL-WORLD EXAMPLE

The average married E-5 with four years of service will receive 40% of their compensation through their BAH and BAS. Using government estimates for total monthly expenses, an E-5 (in a military housing area representing the national average) is \$471 short on what they need to make ends meet each month. They would not have this shortfall if not for the compensation changes from 2014-2019.

According to DoD data, the average E-5 will pay \$118 a month out of pocket toward housing costs to cover the 5% of the bill not footed by the Pentagon.

Note: Methodology for these figures is available at MOAA.org/BAHBudget. Addressing this shortfall is critical to caring for our servicemembers. Eliminating the out-of-pocket costs and restoring BAH to 100% is one of the fastest ways to address quality of life challenges.

FINANCIAL STRAIN ON THE FORCE

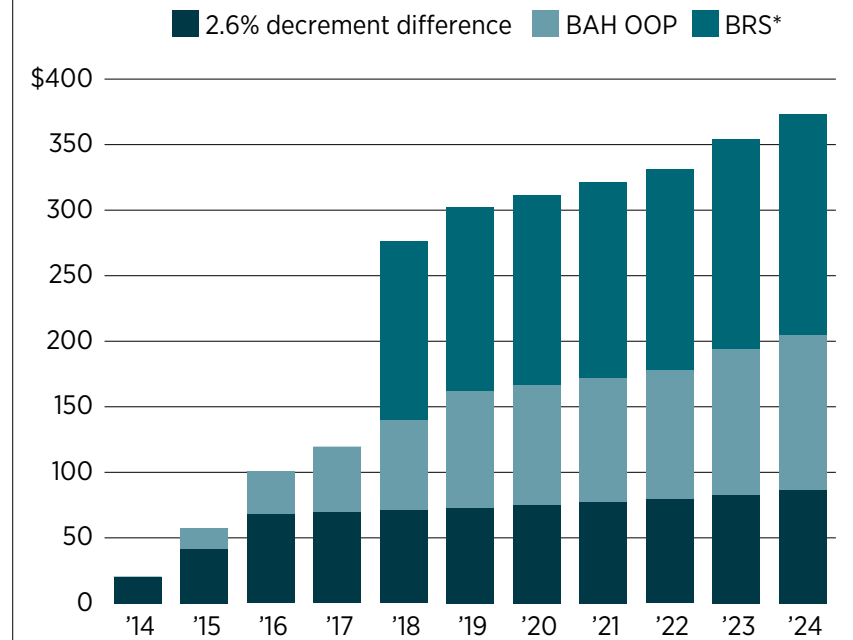
Lengthy commutes and financial stress are just a couple of outcomes of an insufficient housing allowance that directly affect servicemembers and their families. Like the rest of the country, communities near military installations experienced housing challenges due to the pandemic. The rental market is beginning to level, but it's far from recovered. Housing shortages in off-base communities mean military families “compete” for rental properties and actively consider leaving the military.

LESSONS UNLEARNED

From improvements in Temporary Lodging Expenses and Dislocation Allowance to years of last-minute BAH increases and the Basic Needs Allowance to address food insecurity, it is apparent DoD recognizes the financial strains on servicemembers and their families. However, all these efforts are substandard solutions to a self-inflicted problem. DoD reduced BAH and has spent the years since working to address second- and third-order effects of decisions that placed increased financial burden on the backs of their own servicemembers. ❗

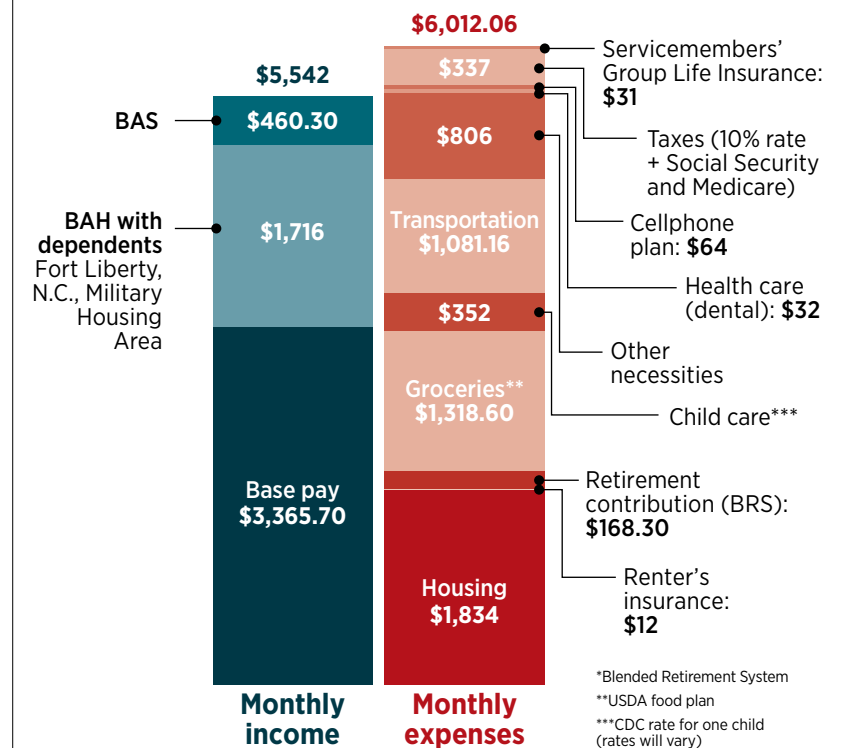
ADDED FINANCIAL STRAIN TO SERVICEMEMBERS

A married E-5 with dependents may see a \$373-a-month cut in take-home pay due to out-of-pocket costs from BAH cost-sharing, compounded by base pay increase decrements and retirement contributions.



REAL-WORLD EXAMPLE

A married E-5 with 2 children at Fort Liberty, N.C., budgeting like the average American, is \$470 short of meeting monthly expenses while paying \$118 a month out of pocket for housing costs not compensated by DoD.



SOURCES AND METHODOLOGY: DOD PAY TABLES; ALL INFORMATION BEHIND 'REAL-WORLD EXAMPLE' FIGURES IS AVAILABLE AT MOAA.ORG/BAHBUDGET. GRAPHIC BY JOHN HARMAN/MOAA



Lt. Gen. Brian T. Kelly
USAF (Ret)
President and CEO



Protect TRICARE For Life for Medicare-Eligible Military Families

TRICARE For Life (TFL) is part of the military health care benefit and provides Medicare wraparound coverage. Not only is TFL vital to seniors using it today, it has also been a key component of the compensation and benefits package that sustained the all-volunteer force throughout two decades of war. Current and future seniors are counting on TFL to be there for them during their advancing years.

Maintaining the military health care benefit is a national obligation to those who earned it through decades in uniform, and it is critical to ensuring military retirees — key influencers in the recruiting process — are not discouraged from recommending service to current and future generations.

WHAT IS TFL?

TFL is Medicare-wraparound coverage for TRICARE-eligible beneficiaries who have Medicare Parts A and B. Enrollment is not required for TFL — coverage is automatic and starts the first day Medicare Parts A and B are in effect.

There is no enrollment fee for TFL, but beneficiaries must pay Medicare Part B premiums. Military retirees face a significant monthly cost increase when transitioning to TFL — monthly fees jump from

\$30-\$60 per month for TRICARE Prime or Select family coverage to at least \$174.70 per month for individual Medicare Part B enrollment. Some people pay more based on income.

TFL beneficiaries can visit any authorized provider — Medicare pays its portion and TFL then pays the provider for TRICARE-covered services. Generally, there are no out-of-pocket costs for services that both Medicare and TRICARE cover, but TFL beneficiaries do have copays for prescription medications obtained via mail order or at retail pharmacies.

THE NEED FOR TFL

Congress created TFL in 2001 to address the loss of free medical care when more than half of military medical facilities closed due to downsizing, leaving many military retirees age 65+ with no military health care benefit despite decades of service.

Congressional intent with the creation of TFL was clear. In the FY 2001 NDAA conference report, the conferees instructed: “While extending TRICARE/CHAMPUS eligibility to Medicare eligible beneficiaries, the conferees direct the Secretary of Defense to refrain from using deductibles and copayments, in recognition of their participation in Medicare

Congress: We need your help

Protect the TRICARE For Life benefit to fulfill our nation’s military health care commitment to career service-members and retirees.

TFL Fees: A credible threat

In its report, *Options for Reducing the Deficit 2023-2032*, the Congressional Budget Office included two concepts to generate mandatory spending savings through unprecedented TFL fees:

- An annual enrollment fee would require Medicare-eligible beneficiaries who choose to enroll in TFL to pay \$575 for individual coverage or \$1,150 for family coverage per year.

Adding an
\$850
deductible?

- A cost-sharing concept would introduce an \$850 deductible. TFL would not cover any of the first \$850 of a beneficiary’s Medicare cost sharing. After the deductible was satisfied, TFL would cover only 50% of the next \$7,650 in Medicare cost sharing. This means TFL beneficiaries could face up to \$4,675 in cost sharing per year.

DoD included TFL fee proposals in five consecutive administration budget requests from FY 2013 to FY 2017. We appreciate Congress repeatedly denying these requests and maintaining TFL for current and future military retirees.

MOAA Contact



Karen Ruedisueli
Director,
Health Affairs
KarenR@moaa.org
703.838.8164


Part B as a condition of participation.” Congress has maintained this stance, repeatedly denying five consecutive DoD budget request proposals for TFL enrollment fees from FY 2013-2017, thus solidifying expectations for TFL among career servicemembers and retirees.

THREATS TO TFL

MOAA takes a balanced approach to TRICARE fee increases. We understand health care costs are rising and don’t oppose indexing existing TRICARE fees by annual military retired pay cost-of-living adjustments. MOAA advocates against changing the terms of the health care benefit after it has been earned, including the creation of unprecedented TRICARE fees and disproportionate fee increases that diminish the overall retirement package via health care costs that outpace military retired pay.

The Congressional Budget Office (CBO) has outlined two concepts for a new TFL enrollment fee and beneficiary cost sharing (see box on page 1). These concepts are not legislative proposals, but CBO’s messaging poses a threat to TFL. Not only were TFL fee increases part of CBO’s biennial report on deficit reduction measures, but they were also featured prominently in written testimony CBO submitted for a July 2023 hearing on potential budgetary efficiencies within DoD personnel programs.

Past DoD budget requests have included a variety of proposals for TFL enrollment fees to reduce spending by shifting health care costs to beneficiaries. We appreciate past actions by Congress to block these unacceptable proposals to cut the benefit after it has been earned. With the Military Health System budget under pressure, MOAA fears DoD will resurrect TFL proposals that would slash the military retiree health care benefit and reduce protections for current and future retirees. Servicemembers, retirees, their families and survivors are counting on Congress to block any future attempts to cut TFL.

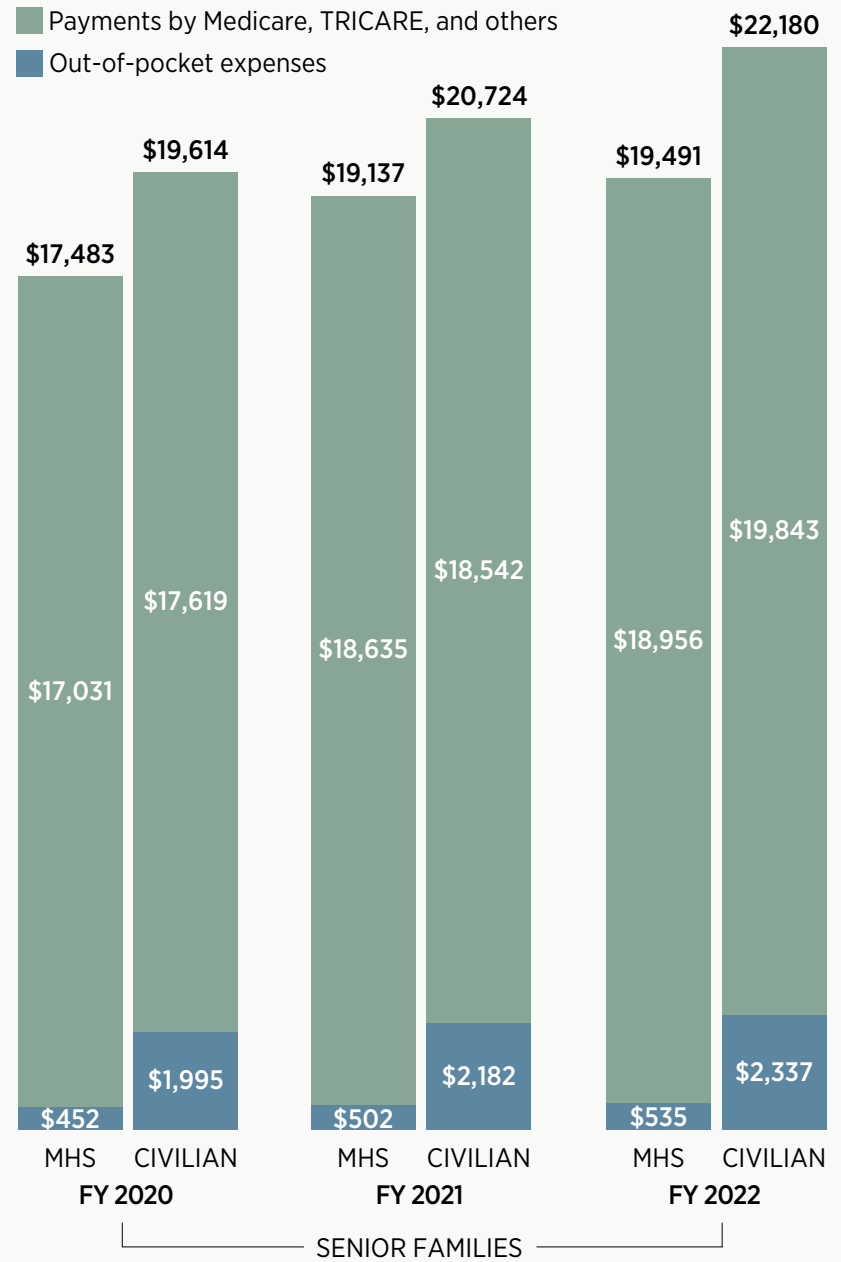
The small percentage of citizens who handle 100% of our national defense have earned a high-quality, low out-of-pocket-cost health care benefit. Maintaining TRICARE and demonstrating our nation will fulfill obligations to military retirees is not only a moral imperative but critical to sustaining the all-volunteer force. 

The Overutilization Myth

Proponents for TFL cost sharing have contended that no/low out-of-pocket costs lead TFL beneficiaries to overutilize medical services. The Congressional Budget Office alludes to this point in their TFL cost-sharing concept when they note higher out-of-pocket costs would lead beneficiaries to use fewer medical services.

But data from TRICARE’s annual report to Congress shows military senior families actually have lower utilization than civilian senior families. In 2022, TFL senior families used 12% less in medical services than their civilian counterparts despite relatively low cost sharing.

COINSURANCE AND HEALTH CARE UTILIZATION FOR SENIOR FAMILIES VS. CIVILIAN COUNTERPARTS



SOURCE: EVALUATION OF THE TRICARE PROGRAM: FY 2023 REPORT TO CONGRESS

GRAPHIC: JOHN HARMAN/STAFF