

WebMemo



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Building a Better Military Health Care System

Baker Spring

Washington has a problem. The men and women who serve and have served in uniform and their families deserve quality health care. Delivering first-class care, particularly in time of war, is a daunting challenge. Furthermore, care for military members, retirees, and their families in an all-volunteer force must be portable. Service members should not have to choose between volunteering and quality health care.

The Pentagon, however, has built a system that is increasingly flawed. At a press conference on January 6, then-Secretary of Defense Robert Gates admitted that he had no solution for “the department’s unaffordable health costs, and in particular the benefits provided to working-age retirees under the TRICARE program.”

In order to provide an adequate defense, the nation has to achieve three vitally important objectives with respect to compensation and benefits for all those who serve and have served in the armed forces:

- Ensure continued recruitment and retention of the top-quality personnel the armed forces need;
- Honor the country’s obligations to members of the armed forces; and
- Apply effectively taxpayer resources devoted to veteran’s concerns.

What Is Wrong with Military Health Care?

The state of unpreparedness of the military health care system was reflected in the difficulty of surging care to provide for wartime needs, including dealing with emerging concerns such as post-traumatic

stress disorder, traumatic brain injury, and suicide prevention, as well as spiraling per capita health care costs. The stress on the system has revealed a cascade of systematic problems.

Lack of Choice. TRICARE restricts the choices of military service members and retirees. As a result, the members and their families cannot tailor their coverage according to their preferences and needs.

Inflexibility. Today’s labor force is highly mobile. Many choose to rotate between active and reserve service. Others choose not to make the military a career. No individuals should be penalized for the choices they make in how and when to serve their nation. In addition, TRICARE does not prepare serving military personnel to exercise greater responsibility for managing their health care after they complete their service.

Unfairness. Under TRICARE the government extends health care benefits regardless of need. That means that limited resources are spread to provide ever more limited coverage to all. Thus, the Pentagon strains to provide retirees who have reasonable access to private coverage the same benefits as active-duty service members who are serving in harm’s way.

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<http://report.heritage.org/wm3375>

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214 Massachusetts Avenue, NE
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(202) 546-4400 • heritage.org

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Spiraling Costs. The Department of Defense's health care budget request for FY 2012 was \$52.2 billion. If the cost of health care continues to grow in the future as it has in the recent past, it would "crowd out" spending for other military essentials. Thus, service men and women would likely find themselves receiving mediocre, costly health care and going into battle without the training and equipment they need to do their jobs, do them right, protect the nation, and come back home.

Honest, Fair, and Sensible Reform. Given this array of weaknesses in the existing system for military health care coverage, it is appropriate for Congress to consider comprehensive changes. The changes should:

- Ensure that the military health care system adequately supports military operations and deployments;
- Never compromise on the quality of health care for service members, retirees, and their families;
- Honor the obligations to those now serving, allowing them retain programs or transition to other options if they prefer;
- Provide services that offer choices and flexibility; and
- Facilitate a "continuum of service," enabling volunteers to move back and forth between active and reserve service and civilian employment—ensuring portability of care for members and their families.

Such changes should track those recommended by The Heritage Foundation for reforming the system of health coverage for broader American population described in *Saving the American Dream* fiscal plan. This just makes sense, since most service members do not remain in the military for the entirety of their careers. The right plan would:

- Convert the military health care coverage system from a defined-benefit plan to a defined-contribution plan. This would permit military service members to exercise greater responsibility in managing health care for their family members and gain access to private insurance options.
- Increase basic pay for military service members covered under the new system. It is appropriate

to replace some of the value of the benefits provided under the existing system with increased cash compensation.

- Provide tax advantages to individuals for offsetting the cost of providing for their health care. These tax advantages come in the form of both tax credits and tax preferred savings accounts, both of which may be applied to obtaining health coverage. These tax advantages, when furnished in the context of a defined-contribution system, would also serve to relieve the Department of Defense of the burden incurring ever-increasing outlays to provide for health care benefits.
- Establish a gradual transition for the application of the new health coverage system. Many military service members—particularly those who have served for longer periods—have made plans based on the existing system. Changes should be structured in a way that takes into account the offers that have been made to them.
- Permit military retirees and dependents of service members to purchase health insurance through the Federal Employees Health Benefit Plan (FEHBP). FEHBP is the structure provided for the purchase of health insurance by the federal civilian workforce. It allows federal civil servants to choose among a wide variety of insurance providers and plans.
- Focus the military health care system, as well as that of the Department of Veterans Affairs, on meeting the unique needs of military medicine.

What Those Who Serve Deserve. It is past time Congress do something to protect the quality of care for members, retirees, and their families, establishing sustainable programs that promote the principles of choice and flexibility.

Systemic change would provide military personnel with flexibility and access to opportunities that they do not enjoy today. Congress should adopt this kind of systemic reform now.

—*Baker Spring* is F. M. Kirby Research Fellow in National Security Policy in the Douglas and Sarah Allison Center for Foreign Policy Studies, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation.