HEARING TO CONTINUE TO RECEIVE TESTIMONY ON THE ACTIVE, GUARD, RESERVE, AND CIVILIAN PERSONNEL PROGRAMS IN REVIEW OF THE DEFENSE AUTHORIZATION REQUEST FOR FISCAL YEAR 2012 AND THE FUTURE YEARS DEFENSE PROGRAM

WEDNESDAY, MAY 4, 2011

U.S. SENATE,
SUBCOMMITTEE ON PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:03 p.m. in room SR–222, Russell Senate Office Building, Senator Jim Webb (chairman of the subcommittee) presiding.

Committee members present: Senators Webb, Hagan, Blumenthal, Graham, Chambliss, Brown, and Ayotte.

Committee staff member present: Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Jonathan D. Clark, counsel; Gabriella E. Fehrer, counsel; and Gerald J. Leeling, counsel.

Minority staff members present: Diana G. Tabler, professional staff member; and Richard F. Walsh, minority counsel.

Staff assistants present: Jennifer R. Knowles and Christine G. Lang.

Committee members' assistants present: Juliet Beyler and Gordon Peterson, assistants to Senator Webb; William Chapman, assistant to Senator McCaskill; Tressa Guenov, assistant to Senator McCaskill; Roger Pena, assistant to Senator Hagan; Jeremy Bratt, assistant to Senator Blumenthal; Clyde Taylor IV, assistant to Senator Chambliss; Charles Prosch, assistant to Senator Brown; Brad Bowman, assistant to Senator Ayotte; Taylor Andreae and Sergio Sarkany, assistants to Senator Graham.

OPENING STATEMENT OF SENATOR JIM WEBB, CHAIRMAN

Senator WEBB. The subcommittee will come to order.

I'm informed that Senator Graham is running about 15 minutes late this afternoon, so I'm going to go ahead and get my opening statement on the record and begin the testimony from our guests today. And then when Senator Graham comes, I'll stop and see if he wants to say a few words at that time.

We're meeting today to receive testimony from the Department of Defense on the Active, Guard, Reserve, and civilian personnel

programs contained in the administration's National Defense Authorization Request for Fiscal Year 2012 and Future Years Defense Program.

With us today are senior Department of Defense leaders, with whom we hope to discuss not only DOD personnel policy, but specific budget items in furtherance of our subcommittee's oversight responsibilities, which I take very seriously.

There is no greater responsibility for Congress and military leaders than to care and provide for our servicemembers and their families, but, in doing so, we must ensure that we are appropriately managing our taxpayers' dollars.

Our military—Active, Guard, and Reserve—is still engaged in the longest sustained period of major conflict in our Nation's history. We look forward to learning what programs and priorities the Department has identified and implemented to make certain that our servicemembers, civilian personnel, retirees, and their families receive the support and benefits they have earned, commensurate with their service.

Having grown up in a military family that has a continuing tradition of service, I'm well aware of the unique challenges facing our military families, both in the Active Duty and Reserve components. They're dealing with high operational tempos, the stress of multiple deployments, and dwell times that still fall short of the Department's goals for many units and significant numbers of individuals. I have a special appreciation for the obligation to see to the needs of our servicemembers and their families.

The All-Volunteer service has worked well over the past quarter century. And we must guarantee that the All-Volunteer model continues to produce the world's best military. However, as I have said in the past, an All-Volunteer Force is not an all-career force, a fact we must not forget in planning for the future and also in taking care of the needs of those who still maintain a citizen soldier tradition and return to their home communities after one period of service.

We've also entered a new era in the use of our Guard and Reserve Forces, who played critical roles during this period of sustained conflict, in ways not envisioned at the inception of the All-Volunteer Force.

This subcommittee will continue to explore changes to needed to employ our Reserve-component forces as an operational force. In this regard, I encourage Under Secretary Stanley and Assistant Secretary McCarthy to elaborate on their stated views on the need for additional tools for force management as we draw down our Active Force levels and to obtain additional authorities to mobilize Reserve components in the future.

This subcommittee faces a very clear challenge this year with respect to the need to control the increasing costs of our personnel. The total personnel-related base budget in the Department's fiscal 2012 request, including the cost of providing healthcare to servicemembers, their families, and retirees, amounts to $175 billion, or about 32 percent of the overall DOD base budget. However, while we must achieve savings in our Defense programs, we need to do this in a way that does not unfairly impact military benefits for a force that has served us so well. To that end, I am pleased

that we have the Department of the Defense comptroller with us today so that we can engage in a more detailed budget discussion.

As I stated at our first subcommittee hearing last month, I intend to take a hard look at DOD programs, their justification, what they cost, and whether they are achieving their stated goals. I've also expressed my own reservations on the administration's proposal to increase TRICARE Prime enrollment fees for retirees. While I have strong reservations regarding the administration's proposed enrollment-fee increases, based on the fact that retirees have earned this healthcare benefit through their years of service—a moral contract, in my view—I do plan to keep an open mind about initiatives to improve the efficiency and effectiveness of our military healthcare benefits.

To ensure that the Department obtains the greatest return on investment for every dollar it spends, Congress must do its part to make sure that funded programs are effective and efficient, in keeping with our roles as stewards of the public trust and of taxpayer dollars.

I welcome our witnesses to today's hearings: The Honorable Clifford Stanley, Under Secretary of Defense for Personnel and Readiness; The Honorable Robert Hale, Under Secretary of Defense, Comptroller, and Chief Financial Officer; The Honorable Dennis M. McCarthy, Assistant Secretary for Reserve Affairs; and The Honorable Jonathan Woodson, Assistant Secretary for Health Affairs, and director of the TRICARE Management Activity.

And I'd like to take a moment to recognize Secretary McCarthy, who will be leaving the Department this year after nearly 2 years serving as Assistant Secretary of Defense for Reserve Affairs. I'd like to acknowledge his many contributions, both as a civil servant and his long career with the Marine Corps, both Active and Reserve.

Secretary McCarthy, we appreciate your service to your country, and look forward to hearing your testimony.

General MCCARTHY. Thank you, Mr. Chairman.

Senator WEBB. I look forward to hearing each of your testimony about personnel over health—overall health and budget status of our military. As always, I encourage you to express your views candidly and to tell us what is working well, and to raise any concerns and issues you may want to bring to this subcommittee's attention. Let us know how we can best assist our servicemembers and their families to ensure that our military remains steadfast and strong.

As I mentioned, Senator Graham will be here forthwith. And, at this point, rather than waiting for an opening statement—or for him to make an opening statement, we will interrupt the hearing when he arrives and ask that he do so.

So, why don't we just go ahead and begin. And, Under Secretary Stanley, welcome, and we look forward to hearing your testimony.

STATEMENT OF HON. CLIFFORD L. STANLEY, UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS

Dr. STANLEY. Well, good afternoon, Senator Webb and Senator Hagan. I'm looking forward to talking with you this afternoon. And I thank you for this opportunity to testify today.

And first, I respectfully request that my written statement be made a part of the record.

I look forward to continuing to work with you on our total force of Active, National Guard, and Reserve servicemembers, as well as our civilian workforce, and the dedicated families that support them.

Senator WEBB. I should point out that each of your full written statements will be entered into the record at the beginning of the time that you're recognized for your testimony. And feel free to give whatever comments you wish.

Dr. STANLEY. Absolutely. Thank you, Senator.

My focus is total force readiness; it's caring for our people and creating a culture of relevance, effectiveness, and efficiency. I view total-force readiness as a mental, physical, emotional, and spiritual state of preparedness and resilience. This involves enabling training, equipping, and supporting the total force when they are deployed, and ensuring that they and their families have the care and support they need and deserve when they're at home.

As we examine the total and All-Volunteer Force that first emerged in 1973, we intend to go beyond the scope of the active, Guard, and Reserve Force. And particularly, we are looking at the roles of civilians—that they play in our serving—supporting force, and most especially how families and volunteers fit into the total-force equation.

We've placed emphasis on our civilian workforce to include civilian hiring, career and leadership development, support of our civilian expeditionary workforce, and a transition to a more systematic approach to fully integrate civilians in total-force planning and requirements.

In 2010, the Department made a positive and meaningful progress toward reforming civilian hiring practices. Nevertheless, I continue to push hiring reform, and I actually refer to it, more accurately, as "employment reform," towards an aggressive reduction in the number of days it takes to hire a civilian employee. I'm increasing our emphasis on the civilian competency development framework, enhanced leadership development programs, and senior executive talent management initiatives.

As a designated proponent of the total force for the Department, one of the challenges that I have confronted is to assure that I had the proper cognizance over the resources necessary to support our workforce, and most especially our warfighters and their families. To accomplish this, I have undertaken a number of active steps to ensure thorough oversight of the resources and financial management of the Office of the Under Secretary of Defense for Personnel and Readiness level. My financial oversight, as the Under Secretary of Defense for Personnel and Readiness, represents nearly $40 billion in direct Department of Defense resources. With responsibility for the management of manpower for the Department of Defense total force, it is also critical that I provide effective policy direction that supports pay, allowances, and other programs that constitute nearly two-thirds of the overall Department of Defense budget.

I also cannot overemphasize how essential it is that we continue to work on providing a quality of life commensurate with the qual-

ity of service for our military, and most especially their families. We'll work to do everything possible to support our military families. It is our military families, as you know, who support our servicemembers, who support our Nation.

I'd like to thank the committee for all you do for our dedicated servicemembers and their families. And I look forward to your questions.

That concludes my statement.

[The prepared statement of Dr. Stanley follows:]

Senator WEBB. Thank you, Secretary Stanley.

Mr. Hale, welcome.

STATEMENT OF HON. ROBERT F. HALE, UNDER SECRETARY OF DEFENSE, COMPTROLLER, AND CHIEF FINANCIAL OFFICER

Mr. HALE. Well, thank you, Mr. Chairman, Senator Hagan, Senator Ayotte. I appreciate the opportunity to be here to testify.

I'm going to focus on our overall budget very briefly, and our efficiency proposals. And I'll concentrate on the proposed healthcare initiatives.

As you said, I submitted a statement for the record.

Let me begin with the overview of the budget:

We asked for $553.1 billion in base budget authority in fiscal year '12, and it is intended to reinforce three priorities that Secretary Gates has established. First, it reaffirms our commitment to take care of the All-Volunteer Force. Secretary Gates has called this a "national asset." I couldn't agree more. It is our highest priority. Second, the fiscal '12 base budget continues to rebalance the Department's capabilities to improve our ability to prevail in current conflicts. And third, it enhances the capabilities for conflicts we may face in the future.

The budget also furthers the reform agenda that Secretary Gates started in fiscal year 2010. And, for this fiscal year, we propose continuing this cost-cutting, with an emphasis on business operations. Our plans propose savings of $170 billion in fiscal year 2012 through 2016. These savings will be achieved in a variety of ways, through reorganizations, a number of reorganizations in the departments, through some selected termination of weapons systems, through infrastructure changes, and particularly by changes in our business processes.

Included in this package of efficiencies are proposed changes in the military health system, and I'll focus on those.

In 2012, the budget includes $52.5 billion to support the military health system and its 9.6 million beneficiaries. We take pride in providing beneficiaries the best medical care, and we will do nothing to interfere with that goal. And I want to underscore that commitment. But, the costs of the military health system have nearly tripled in the last decade, from 19 billion in 2001 to the present request for more than 52 billion.

Our challenge is daunting, but real. We've got to find ways to maintain the quality of healthcare, but slow the growth in costs. Meeting that challenge begins with streamlining operations at our headquarters. Health Affairs, for example, is reducing its headquarters staff by more than 700 contractors. And I think there are

people up in this table that can do better than I at describing where they're headed in doing that.

Additional reforms will involve beneficiaries. We are proposing a modest increase in TRICARE enrollment fees for working-age retirees; those under age 65. Congress introduced fees for TRICARE in the mid-1990s, when the program was created. Since then, those fees have not been changed, in dollar terms, at all. Had they been indexed to a medical index, the fee of—which is, today, $460 for families; and TRICARE Prime would have been more than $1,000. Instead, retiree out-of-pocket-cost expenses have fallen from 27 percent of healthcare costs in 1995 to 11 percent today. The administration's proposal will increase fees for working-age retirees by a modest $5 a month for families and $2.50 a month for individuals. Beginning in 2013, future enrollment fees will be increased based on growth in the per capita national health expenditures.

Indexing to national health expenditures will stabilize cost-sharing in TRICARE, though it will stabilize it at a level much more favorable to retirees than what Congress envisioned in the 1990s. These modest first-ever increases in TRICARE fees will save an estimated 434 million in 2012 through 2016, and more than a billion dollars through fiscal year 2021. And I'll mention a number of dollars throughout. But, if we don't, or aren't allowed to do this, then we will have to look for other changes. We're not going to see increases in the Defense budget. We will have to look for other changes in the support and training we provide to our military.

We also plan to change copays for pharmaceuticals to provide incentives for beneficiaries to choose the most cost-effective options for prescriptions; namely, the use of generic drugs and the delivery of prescriptions by mail. These reforms will save over $2.5 billion between 2012 and 2016. So, they're particularly important, both to the quality of healthcare, but also to our budget.

DOD proposes a regulatory change that will eliminate special subsidies for sole community hospitals that serve military beneficiaries. Current rates to SCHs, sole community hospitals, are substantially higher than what is paid to most other hospitals treating military personnel. Federal law requires that we adapt—adopt Medicare rates at these hospitals, to the extent practical. And that's what we're proposing.

In addition to complying with the law, this change will save the health system $395 million between 2012 and 2016. We will phase in this change slowly over 4 years—at least 4 years—in order to avoid adverse effects on care provided at the affected hospitals.

And lastly, we propose equitable treatment for all Medicare-eligible military retirees. Under current law, a few Medicare-eligible enrollees are allowed to remain in the United States Family Health Plan, a plan involving six hospitals, whether they enroll in Medicare Part B, or not. They are the only retirees using the military health benefits who do not have to enroll in Medicare when they become age eligible. We seek legislative authority—this is the one area where we need legislation—to require those who are part of the U.S. Family Health Plan to join Medicare, just like all the other retirees.

Moreover, under current law, the six Federal health—family health plans—programs—receive claim payments that exceed

Medicare rates. We seek legislation that will permit us to reimburse those plans in the same manner as we do for most other hospitals serving military beneficiaries. We will make these USFHP changes very gradually, fully grandfathering all who are currently over age-65 and in the Family Health Plan. So, it will take place over a number of years.

The Federal Government, as a whole, would save money under this plan; it's not a lot, but there are modest savings. The Department savings from this proposal would be very substantial. We budget on an accrual basis for these. That is, we're looking out over the whole career of an individual and setting aside money to pay for it. So, we immediately see major effects. Our budget would be reduced by 3.2 billion over the 5-year period from 2012 to 2016. So, it's very important to us, budgetarily.

I particularly ask the committee's support for provisions affecting the sole community hospitals, and for legislation to permit changes in the U.S. Family Health Plan. These proposals will permit the Department to comply with the law and treat all our hospitals and retirees equitably.

Taken together, DOD's healthcare proposals are reasonable and fair to all, we believe. None of our proposals would affect Active Duty servicemembers. That's an important point. The proposals are strongly supported by the Secretary of Defense—you heard him comment on them in his oral statement when he testified before the House Armed Services Committee; also by the Chairman of the Joint Chiefs—he also commented on them verbally; and indeed, by all our senior military leaders—they sent a rare 24-star letter of support to Congress, earlier this year, support of these healthcare changes.

These proposals generate savings that will help us pay for needed training and equipping of the Armed Forces. Indeed, as I said, if we don't get authority to do this, we'll face major holes in the military budget. So, that may be very hard to handle in difficult budgetary times. But, most importantly, the congressional support for these proposals will lay the groundwork for a sustainable future for the military healthcare system.

Mr. Chairman, that concludes my oral remarks. And, when my colleagues are finished, I'd be glad to hear your questions.

[The prepared statement of Mr. Hale follows:]

Senator WEBB. Thank you very much, Secretary Hale.

And I would now like to call on Senator Graham, who has arrived, as predicted. And——

Senator GRAHAM. Thank you.

Senator WEBB.—we welcome you to this hearing. I think you said you had three hearings going at the same time.

Senator GRAHAM. Yes. I just met with General Petraeus's wife, who is now in charge of protecting our military men and women from predatory lending practices. And that was something I wanted to come and talk to our committee about.

STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Mr. Chairman, as always, I have really enjoyed our relationship—working relationship. I think we've done a pretty

good job, if I say so myself, of keeping the men and women well equipped and well trained.

On the healthcare front, this is really a difficult situation. You're talking about 16 and a half percent of the DOD's budget, by 2028, being healthcare cost. Now, that's doubling in less than 20 years.

I know—are you retired? Did you get——

Senator WEBB. I am a retired marine, yes.

Senator GRAHAM. Okay. He's a retired marine. I, one day, hope to be a retired Air Force officer.

And I guess what I'm going to say is that I understand what the administration's trying to do. We have to move this debate forward on sustainability. We haven't had a premium increase since 1989. Some of the fees to be increased, proposed by the administration, I think, is something we should all consider. I respect the House. But, eventually you're going to have to make some very draconian choices between healthcare and operational needs. And that's not where we want to find ourselves.

So, Mr. Hale—Secretary Hale, your idea of trying to get a better bang for our buck, looking at programs to make them more efficient, improving the quality of care while lowering cost, is absolutely essential.

General McCarthy, we're going to miss you. You've been a really good, stalwart advisor to this committee.

To the rest of you, I appreciate your involvement.

But, Mr. Chairman, somebody eventually is going to have to address this. We are just putting the Department of Defense budget in a unsustainable Hobson choices here. And I am convinced, with a little forward thinking, that people in my income level, when I retire, could be able to contribute a little bit more to save the system and free up some dollars for operational needs and the Force of the future.

So, I look forward to working with you and the administration to try to find out a way to make this happen. Your 2012 budget, I support.

And healthcare's important to our men and women; TRICARE for the Guard and Reserve was a good move. Worked with Secretary Clinton. The GI Bill was a good move. We're seeing astonishing results there. People are signing up to be able to transfer their benefits to their children. And we now need to talk about transferring to grandchildren. I know this is not the healthcare piece. But, I had a National Guard guy from South Carolina say, "You know, I got three grandkids. Why can't I transfer my GI benefits to my grandkids?" That shows you that, in the Guard and the Reserve, you've got some people who've been around a while. [Laughter.]

They may not be many, but I want to help them if we can.

So, thank you all. And together maybe we can find some rational way to move forward to reform healthcare within the Department of Defense.

Senator WEBB. Thank you very much, Senator Graham.

And, as always, it's been great working with you on this subcommittee.

Secretary McCarthy, welcome.

STATEMENT OF HON. DENNIS M. MCCARTHY, ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

General MCCARTHY. Mr. Chairman, Senator Graham, members of the subcommittee, I can say without hesitation that it's always an honor to appear before a committee of

the United States Senate, and especially since this is probably my last opportunity to do so.

As always, I thank the committee and your staff for all that you've done for the men and women in uniform, especially for those whose it's my responsibility to serve, the members of the Reserve and National Guard. They have benefited greatly from the concern and the expertise that you've brought to bear on their behalf.

As I believe you know, the 2010 Quadrennial Defense Review directed what it called a Comprehensive Review of the Future Role of the Reserve Component and the Balance Between Active and Reserve Forces. That review was completed earlier this year. Secretary Gates has just approved the report and directed that its analysis be part of the budgetary review for fiscal year '13 and beyond. I believe this report will be extremely valuable in describing the ways that the National Guard and Reserve can contribute to our defense in coming years.

Clearly, the Reserve components are at a point of transition. The last 10 years have been dominated, as you pointed out, Senator, by a demanding period of sustained mobilization that was never previously envisioned. The Congress, the Department of Defense, and the military departments, and, most importantly, the men and women of the Reserve and Guard, and their families, have all adjusted to this reality. But, now as we draw down our forces in Iraq, and with a relatively small RC footprint in Afghanistan, the demand on Guard and Reserve for combat service is declining, at least temporarily.

We can use this opportunity to move in one of two directions. We can return the Reserve and Guard to their pre-September 11 role as a Strategic Reserve, or we can find ways to continue to judiciously use the Reserve component as a part of the operational force. Having spent many years in direct and personal communication with the men and women serving in the post-September 11 Reserve components, I can tell you that most of them do not want to go back on the shelf as a purely strategic Reserve. Several of the Service Chiefs' posture statements indicate that they agree with their troops on this issue.

Everyone serving in the Guard and Reserve today either enlisted or reenlisted since 9/11, knowing full well the demands and expectations flowing from that decision. I believe we will all agree they've performed magnificently and have become accessible, well trained, and resilient. Their families and their employers have also demonstrated resolve and perseverance that some once doubted.

The question before us now is, How can the Nation best preserve and utilize this hard-earned capability? Maintaining training and equipment readiness, balancing accessibility with judicious use, both will be essential. Continuing work on both law and policy will be necessary. But, the human capital that's resident in the Reserve and Guard is of such high quality that any failure to use their tal-

ents would be wasteful and destructive of the capability that they have achieved.

Although I'll be leaving Active service, I know that the team at Personnel and Readiness will continue to support this committee's efforts to develop legislative tools that our citizen warriors need to succeed.

Thank you again for the opportunity to testify, and I look forward to your questions.

[The prepared statement of General McCarthy follows:]

Senator WEBB. Thank you, Secretary McCarthy.

Secretary Woodson, welcome.

STATEMENT OF HON. JONATHAN WOODSON, M.D., ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS, DIRECTOR OF TRICARE MANAGEMENT ACTIVITY

Dr. WOODSON. Thank you very much.

Mr. Chairman, members of the committee, thank you for your opportunity—for the opportunity to appear before you today to discuss the future of the military health system, and in particular our priorities for the coming year.

This is my first appearance before this committee in my role as Assistant Secretary of Defense for Health Affairs. And I want to first express my deep gratitude for the warm and helpful guidance both you and your staffs have privately offered me in my first 4 months in this position.

Our fiscal year–2012 budget for the Defense Health Program and related medical activities supports the priorities of our strategic framework, the quadruple aim: improving readiness, improving population health, the patient care experience, and responsibly managing our costs of care.

First, from the perspective of medical readiness, I want to acknowledge the performance and courage of our military medical professionals serving in combat theaters. I recently returned from Afghanistan, 2 days ago, and can attest to the skill, commitment, courage, and patriotism of our medics serving in harm's way.

These attributes were exemplified by Captain Joshua McClimans, a 31-year-old nurse, husband, father of two young children, on his second deployment, assigned to the 352nd combat support hospital. On April 22nd, he was killed by indirect fire and gave his last full measure of devotion to this country, as Lincoln once said.

I attended his memorial service at Forward Operating Base Solerno and talked with fellow unit members. Although deeply saddened by the events, these true professionals soldiered on and continued their medical mission, in support of other brothers and sisters in harm's way.

I ask that we all here today remember Captain McClimans, the eight Air Force personnel and the one civilian killed last week, as well as their families, in our thoughts and prayers.

The military health system has achieved historic reductions in disease and injuries through improved public health and preventative medicine strategies. For servicemembers wounded in combat, their likelihood of survival after a medic arrives remains at historic

and unmatched levels. My responsibility is to ensure that we sustain the high level of performance.

Our budget continues to support the foundation which our achievements have been built on: a robust medical research and development program that focuses on battlefield illnesses and injuries, to include prevention, diagnosis, treatment for traumatic brain injury, post-traumatic stress, and depression.

Second, we improve the health of populations we serve.

The fiscal year 2012 budget focuses resources on efforts to increase our behavioral health providers, both within the system and within our private-sector partners. We are also targeting funds to improve access to behavioral health providers throughout the country. And we are investing in preventative-care approaches that are intended to lower the rates of tobacco use, alcohol abuse, and obesity.

Third, we must enhance the patient-care experience. We propose continued expansion of the patient-centered medical home, our central initiative to improve access to care, population health, and overall patient satisfaction. And we continue to invest in modernizing our military hospitals and clinics around the world. Thanks to you and your unwavering support, our construction programs will allow wounded, ill, and injured servicemembers to be treated in the finest medical facilities in the world.

This year, we look forward to opening two showcase facilities in the National Capital area: the new Walter Reed National Military Medical Center and our new Community Hospital at Fort Belvoir.

Finally, we recognize that emerging Federal fiscal policy, combined with the ever increasing healthcare costs, demand that we take additional steps to be even more responsible stewards of the taxpayers' dollars. As Secretary Gates and Chairman Mullen have repeatedly declared, we, the Department, must tighten our belts, just as many Americans have done over the last several years.

In our proposed budget, we share the responsibility for cost control among all participants. We have first focused on internal efficiencies within the Department of Defense, the TRICARE Management Agency, and Health Affairs, and then the civilian provider community, and finally, with our beneficiaries, for whom we've proposed a very modest change to select out-of-pocket costs. We have gone to great lengths to protect patients enrolled in existing programs and beneficiaries who have special needs and circumstances that must be considered. We have met with the beneficiary organizations on these proposals. And I am gratified that many have viewed our proposals reasonable and fair.

Our proposed budget keeps fidelity with our core principles. We will never lose our focus on commitment to a high quality and world class healthcare system for all members of the Armed Forces, and for their families, who served, past and present, and who will serve in the future.

I am both pleased and proud to be here today with you to represent the men and women who comprise the military health system. And I look forward to answering your questions.

Thank you very much.

[The prepared statement of Dr. Woodson follows:]

Senator WEBB. Thank you, Secretary Woodson.

As I mentioned, all of your full statements will be entered into the record. And, more importantly, they will be useful to us and to staff, in terms of evaluating programs and ongoing staff-to-staff discussions as we move forward with the authorization of the DOD budget this year.

I'm going to ask a couple of questions, and then I'm going to call on Senator Ayotte for any questions that she might have. And then I—depending on who else comes, I'm—I know I will have other questions. And we'll just proceed in that manner.

Let me start by asking Secretary Stanley—you mentioned, in your brief opening statement, your oversight of the civilian workforce. Who is in charge of the contracting force? And not just defense contractors here inside the Beltway, but contractors writ large, such as the hundreds of thousands that we are using in places like Iraq and Afghanistan.

Dr. STANLEY. I know that's not under my cognizance here. Is that AT&L?

Mr. HALE. Well, I mean, they would report to the commanders in the installations involved. Oversight of contracting policy would be AT&L.

Senator WEBB. So, who hires, fires, and pays?

Mr. HALE. It would be the commanders——

Senator WEBB. How many contractors do we—are we paying?

Mr. HALE. I only laugh, because we are much pilloried for our lack of full accounting of contractors. We're getting better. For O&M contractors who are in the 300,000 range, is our best estimate of full time equivalents. But, I would tell you that there are——

Senator WEBB. Excuse me, what are the 300,000?

Mr. HALE. For contractors funded by the Operation and Maintenance account, that's the operating costs, and it's the main source of funds for them. But, there are—there's around 300,000—there are others working in the other accounts, as well. And we haven't got a full count there yet. We were working hard, something Congress directed us to do, some years ago. And we're working on it.

Senator WEBB. Well, we hear wildly varying numbers as to how many contractors are being paid each year by DOD, and by whom, and how much. Do you know how much of the DOD budget goes into independent contracting?

Mr. HALE. You know, Mr. Chairman, if you want to look at—Ash Carter likes to use this number, and I think it's the right one—about 40 percent of our money pays for all of our employees, that's military and civilian. The rest goes to contractors in some way, that would include all the weapon system cost, but most of that is contracted out, eventually, to private companies. But, many people, when they think of contractors, are thinking more of what you alluded to, the KBR contractors in Afghanistan that are performing those services. That would be more—for those funded by Operation and Maintenance, more the 300,000.

Am I helping?

Senator WEBB. We're——

Mr. HALE. I sense not.

Senator WEBB.—kind of—we're kind of getting there. I—this is a really relevant question, in terms of whether or not we get the

DOD budget under control, as your testimony indicated. It's—and it's one that people are having a hard time getting an answer for.

You know, when I was Assistant Secretary of Defense for Reserve Affairs, many years ago, we talked total force as being Active Duty, Guard and Reserve, and then the civilian workforce. And we have so many people, who are now contracting force, who are doing, at a minimum, quasi-military functions, the types of things that military people used to do, who are not actually being counted when we talk about the size of the DOD workforce. But, they clearly are a part of the DOD workforce. And, when we start looking at how to trim a DOD budget back, I think this is a good place to look. Wouldn't you agree?

Mr. HALE. Yes. And so would the Secretary of Defense. And out of the efficiency initiative have come direction to make some cuts in particular categories of contractors, staff augmentee contractors. But, the services, as they have looked for efficiencies, have chosen to make other cuts, as well. So, I think you will see some, I hope, surgical reductions in contractors.

That said, we couldn't fight without them. We are, you suggested, very dependent on contractors for support in the wartime theater and many other places. So, we need them to be an important part of our team, we just need to make use of them economically.

Senator WEBB. But, we also need—whether or not we could fight without them, we deserve to be able to have the same oversight over how they are used and the discretion that is put into play, in terms of when they're used. And, as you mentioned, these are O&M accounts, and there's a lot of money that floats out to the commanding units under O&M accounts, where they have an enormous amount of discretion. And we're at a point, here—and we're talking about increasing TRICARE, for instance—we're at a point, here, where we got to get from the—you know, the nice-to-haves to the needs-to-have. And this simply has—in my experience, I've been up here, now, 4-and-a-half years—that's been eluding the oversight of the Congress.

So, we would like to follow up with you on this and see if we can't actually get an accurate count as to where they are and the functions that they are performing, to see if we can't put some of the same sort of stringency in these analyses as we do in others.

Mr. HALE. We'll do our best.

Senator WEBB. Thank you.

Another question with respect to the healthcare system. I believe you made a comment that the cost of the DOD healthcare system has tripled in the last 10 years. Is that an accurate——

Mr. HALE. Yes, roughly.

Senator WEBB.—statement?

Mr. HALE. We went from about 19 billion to 52.5.

Senator WEBB. How does that compare, say, per capita, with the increase in overall health—national health during that period? I say "per capita" because the——

Mr. HALE. Yes.

Senator WEBB.—part of it is numbers and part of it is per-person numbers.

Mr. HALE. It would be faster—I don't have that. We added some important benefits, during this period, Mr. Chairman. TRICARE for Life stands out, and that—quite expensive. I mean, it may well be the right thing—probably was the right thing to do, but it was expensive. So, it's clearly grown more quickly. I can't—I'll have to give you for the record the exact—unless, Jon, do you know?

Dr. WOODSON. We have actually looked at this, and we've mapped it against the National healthcare expenditures index, which is one of our proposal. And it maps directly, so that if you look at the rising costs of healthcare in the civilian—it's mapping directly. And part of that, of course, is that we pay for retirees who receive their care in integrated networks and on the economy. And so, obviously, we're influenced by those same factors, in terms of the rising costs.

Senator WEBB. Right. So, the point could fairly be made that this is not the result of inefficiencies; it's the result of a national phenomenon.

Dr. WOODSON. You're correct. And, in fact, you know, we've looked at our costs and the buckets that they fall into—and I believe this is in my written statement—but, in fact, as a healthcare management agency, if you will, we spend far less on administrative costs and contribute much more—80 percent of our costs or so are for the direct delivery of care, either within the network or in integrated networks. So, what happens, in terms of the use of technology utilization and the way medicine is practiced in our society at large directly reflects in our costs, just like it does everywhere else.

Mr. HALE. Mr. Chairman, I'd like to add to that.

I think most businesses in America are looking to hold down healthcare cost growth. We're in the same situation. Even if the growth has been similar, we all need to slow it.

Senator WEBB. Yes. I wouldn't disagree with you at all on that. It's just—the way that this has been characterized so often in the media has been a DOD issue, and it's a national issue in which DOD is attempting put some efficiencies into, in my view.

Senator Ayotte.

Senator AYOTTE. Thank you very much, Mr. Chairman.

And I want to thank our witnesses for their service to our country. Really appreciate your being before the committee today.

I just wanted to follow up to the Chairman's question, Secretary Hale. Have there been any internal DOD analyses or external reports comparing the costs of using, for example, a full-time person—military personnel versus a contractor—to look at—if we needed to perform the same function, does it make more sense to expand our force versus use the contractor? And I just don't know if that's already been worked—work that's been done.

Mr. HALE. I don't know of any overall study. It's going to be very dependent on the job. Military personnel are fairly costly. They move a lot, there's a lot of training, all of which is good; it's one of the reasons we were able to succeed this weekend. So, I don't—we need to continue to do that. But, if it is a job that's going to stay put, you're probably better with a civilian employee. Contractors are generally, I think probably fair to say, for many jobs, more

expensive than civilians. But, they also provide the benefit that you can hire them and terminate them, if you need to, more quickly.

So, I know I'm not answering your question. I don't know of any simple study that says one is more costly than the other. I think it would be quite dependent on the nature of the work.

Dr. STANLEY. Senator, if I might add, one of the things that weighs in on this, not necessarily directly, but tangentially, is hiring reform. I call it employment reform. Because one of the things that's happened is that the contracting business, at least in some areas, not necessarily in all the areas that Senator Webb was talking about in combat or in theater, actually are a direct result, or at least tangentially happening, because of the fact that the hiring process is so cumbersome. And people have—I have to confess to you, that's just sort of some of the things that happen. So, we're looking at that. But, I haven't seen, as your question asks, any direct correlation or studies on this.

Senator AYOTTE. And, Secretary Stanley, is there a movement within DOD to reform that?

Dr. STANLEY. Absolutely.

Senator AYOTTE. Recommend a proposal? I don't know if it will require congressional approval, but I think that's an excellent thing to make it more efficient, in terms of how hiring is done. And I also think one of the issues we need to address also is how contracting is done and—both in terms of the criteria that are used and—but also in terms of our efficiency in contracting. So, I appreciate that that's something that you're already——

Dr. STANLEY. Yes.

Senator AYOTTE.—beginning to undertake.

Dr. WOODSON. If——

Senator AYOTTE. Excuse me, Secretary Woodson?

Dr. WOODSON. I just wanted to add to the comments that one of the issues around contracting, and of course it depends on the specific situation, but you need to look at the tail. So, the issue of retirement benefits, and we're talking about healthcare here. Sometimes, for limited- purpose projects, it is more cost efficient to hire a contractor, because you're not paying benefits in—you know, in perpetuity or after retirement. So, all of those factors need to be considered into whether or not a contractor is a cost-efficient way of doing business.

Senator AYOTTE. Thank you, Secretary Woodson. And I would agree with you on that. But, I do think that it would be important to have that kind of data as we make these decisions on, number one, accountability of contractors, but also whether it makes cost-efficient—whether it makes sense, costwise, to either, (a) have more civilian employees or, (b) expand our contractor force. And I certainly appreciate that there are—situations arise where you don't need a permanent employee, because it's an immediate short-term project. And so, I think that flexibility needs to be there. But, reviewing this process when we're in a difficult fiscal time is very important, in terms of the decisions that we have to make here.

I wanted to—Secretary Stanley or Secretary McCarthy, whoever you think is most appropriate to answer this question—the fiscal year11 Defense appropriation allotted $16 million to outreach and reintegration services under the Yellow Ribbon Reintegration Pro-

gram. I understand that this money was actually provided to OSDRA rather than the National Guard Bureau. So, in other words, as I understand it, it was provided—you know, I'm still learning all these acronyms, but—to the Office of the Secretary of Defense for Reserve Affairs, as opposed to Guard. And can you let me know what the status is of these funds, and whether they'll be provided to National Guard programs to focus on outreach and reintegration?

I was—I signed a letter, among 43 Members of Congress, focusing on eight States, one of them being New Hampshire. Because, as you've already pointed out, Secretary, we've asked so much of our Guard and Reserve, in terms of active deployment. And making sure that the programs are in place for the whole deployment cycle and reintegration—particularly with our civilian soldiers, though, the challenges are even greater because they don't come back to that support system of a base, where, you know, everyone's gone through the same thing; they go back into a civilian setting. And, in the past, before Armed Services hearings, I've highlighted what I think is an excellent program in the State of New Hampshire that—I think that this—these funds appropriately should go to that purpose.

So, wanted to get your take on what will be done with them.

Will the Guard have an opportunity to apply for those? And how will that move forward?

General MCCARTHY. Senator, those funds, recently released with the passage of the Appropriation Act, are actively being worked. And the Yellow Ribbon Program—or Yellow Ribbon Reintegration Program Office, which is—which reports to me, is actively engaged with those eight particular States to fund those programs, through the National Guard, in each of those States. So, I checked on that just today. I know that——

Senator AYOTTE. Thought I might ask that. [Laughter.]

General MCCARTHY. Absolutely.

But, Ron Young, who leads that effort, is directly engaged. And he tells me that he expects that, within the next few weeks, they will have completed working with each of those eight States.

Senator AYOTTE. Well, we really appreciate your efforts in that regard. And certainly, as I've said in the past, New Hampshire has a program that we've been measuring the metrics of, in terms of reintegration. And the fact—it's been measurable progress. And really appreciate your work on that, given what we've asked of our Guard and Reserve.

General MCCARTHY. Dr. Stanley and I met with the adjutant general of New Hampshire, about 3 or 4 months ago, and talked about that program specifically. So, we're on target with that.

The Yellow Ribbon Reintegration Program is, frankly, one of the most important things that we can do. And, if we're going to continue to use the Reserve component as a part of the operational force, that can't been seen just as a wartime-only effort. That's something that we've got to continue to do, to keep faith with the men and women of the Reserve component and their families.

Senator AYOTTE. Thank you very much.

And one of the things I do think when you—as going forward, how do we handle this reintegration issue with the Guard, that I

think is important from our program, is that it's a public/private partnership. So, we're able to actually reduce costs because we've engaged the private sector, as well. Because, you know, in very difficult fiscal times, we have to look at ways we can do this. And the private sector wants to engage on this. So, appreciate what you've said today.

Also wanted to follow up, Secretary Stanley, in your statement, you say that some of the prestigious universities are now rethinking their policies that exclude ROTC on campus. And I think you've said that Stanford—I noted Stanford University recently voted to invite ROTC back. And they hadn't had them on campus since Vietnam. I'm really please about that. Can you tell me, are there any other universities that receive Federal funding that—who still prohibit ROTC programs or recruiters on campus?

Dr. STANLEY. Well, Senator, I—in fact, I'm—I have to take the question for the record, in terms of the actual universities.

[The information referred to follows:]

[INFORMATION]

Dr. STANLEY. I've got a little history in this, in that, in the '80s, I actually—as a major on Active Duty, I actually went around to a bunch of schools——

Senator AYOTTE. Oh, were you?

Dr. STANLEY.—trying to get ROTC back on the campuses. And, over the years, for different reasons, different schools decided not to have ROTC on campus. Things have changed, this is a new day, and now they're welcoming back.

So, I'd like to take, for the record, to get the specific schools, because I'm certain there are some out there, as they start looking at the issues again about service to our Nation.

Senator AYOTTE. I appreciate that and look forward to your answer on that, Secretary Stanley.

And, you know, I remain very concerned that, I think, that it's really important that ROTC be allowed on campuses, and particularly campuses that are going to accept Federal funds, because they need to allow access to our recruiters, and their students to be able to have access to those recruiters. So, I appreciate that, very much.

Thank you very much, Mr. Chairman.

Senator WEBB. Thank you, Senator Ayotte.

I tend to agree with your comment, too, by the way, on ROTC, have for a long time.

I have a series of questions here. I don't know, would you like to rotate? Are you—Senator, are you finished or——

Senator AYOTTE. I do have a couple more, but we could——

Senator WEBB. Okay, let me——

Senator AYOTTE. It's up to the chairman.

Senator WEBB.—let me ask a couple, and then I'll give back to you, if you like. Or——

Secretary Hale, what are the—what's the size of the accrual accounts now in DOD?

Mr. HALE. The accrual for military retirement would be, I think, about 25 billion. You let me fix that for the record.

There's about $10 billion for the trust fund for TRICARE for Life.

Jon, have I forgotten any?

Mr. HALE. I think those are the main ones.

Senator WEBB. Are you still at about 51 cents on retirement account accruals?

Mr. HALE. Oh, per dollar of pay?

Senator WEBB. Right.

Mr. HALE. I don't think it's that high. I think it'd be—20–25 billion, and we got about 100 and—100 billion. It's more like 25 to 30 percent.

Senator WEBB. Okay. It's gone down significantly since I was in the Pentagon.

Mr. HALE. You probably have the numbers sitting there from your staff.

Senator WEBB. No, no. [Laughter.]

Mr. HALE. Okay.

Senator WEBB. Actually, that was just from my time in the Pentagon.

Mr. HALE. I was waiting, Mr. Chairman.

Senator WEBB. We were putting—I think we were putting 51 cents out on the accrual accounts when I was in the Pentagon. So, that's a—it was a considerable shift, when they decided to do that, back in the '80s. They were—it was a——

Mr. HALE. It was 1976, actually.

Senator WEBB.—pay-as-you-go retirement program——

Mr. HALE. And I——

Senator WEBB.—as you know, and then they—when they started——

Mr. HALE. Yes. I helped——

Senator WEBB.—requiring the accrual accounts that——

Mr. HALE. I helped the late Les Aspin, while I was at the Congressional Budget Office——

Senator WEBB. Yes, I remember——

Mr. HALE.—work that out. Twenty-one billion two—20 billion—point—20.9 billion in fiscal '12 for the retirement accrual.

Senator WEBB. This was an Aspin initiative, I remember that.

Mr. HALE. Yes, it was.

Senator WEBB. Secretary McCarthy, I can't resist asking you a couple of questions, sort of as you're approaching departure in your job, just some thoughts from you on the structuring of your office, from the time that I held that same position many years ago, and when there—I think there were two major differences, and I want to get your thoughts on this, from the time that I was Assistant Secretary for Reserve Affairs. The first is that there was no Under, and I met, every morning, with the Secretary of Defense, in a staff meeting, which was very valuable, in terms of articulating Guard and Reserve issues.

And the second is that the relationship with the National Guard was, I'm sure, different, because the chief of the National Guard had just been elevated to a three-star position and now it's a four-star position. And if you look at the job description of the current chief of the National Guard and his, you know, official page, it says he is responsible for formulating, developing, and coordinating all policies, programs, and plans for all National Guard personnel, principal advisor to the Secretary of Defense, through the Chairman of the Joint Chiefs, on National Guard matters; principal advi-

sor to the Secretary Chief of Staff of Army, Secretary Chief of Staff of Air Force on all National Guard issues.

How does—so, two questions, really, for you. As—you know, as you are departing, having been an incumbent here, how comfortable are you that the policy issues, with respect to Guard and Reserve, are under the rubric of your office in a line to the Secretary of Defense? And what's your relationship with the Guard, since that position's been elevated to a four-star?

General MCCARTHY. If I could, I—the second one's easier than the first, so I'll start with that, if you don't mind.

The relationship that I've had with General McKinley, in his role as the chief of the National Guard Bureau, and, frankly, with all of the Reserve-component chiefs, has been nothing short of spectacular. And it's certainly, a part, due to personalities, theirs and mine, I guess. But, we've had a—as cordial and professional working relationship, without conflict, as I could have imagined. Structurally, you're absolutely right, it may not always necessarily be that way, but that's certainly the way it's been during my tenure.

With regard to the larger question of the position of Assistant Secretary of Defense, one thing's been very clear to me, and that is that, when Congress insisted on having a Senate-confirmed civilian appointee with specific responsibility for Reserve Affairs, they knew what they were doing.

I'm going to be leaving office in 3 weeks, or something like that, and I've—I'm in the process of preparing an out-brief for both Secretary Stanley and Secretary Gates. Frankly, I think my—in my duty of loyalty to them, I ought to tell them first what I think about that. And I intend to. I would like to be able to come back to you, either formally or informally, and share my views. And they'll be exactly the same views that I'll give to the Secretary. But, I, frankly, would—if you will permit me, I would prefer to give my report to him first, before I share it even with the Senate of the United States.

Senator WEBB. By all means. And again, I appreciate your many years of service, in and out of uniform, and wish you well.

Senator Brown.

Senator BROWN. Thank you, Mr. Chairman.

Secretary Hale, I was wondering if you could comment on the DOD's plan to terminate the U.S. Family Health Plan.

Mr. HALE. Well, Senator, we're not terminating the plan at all. It would continue. Those in it would be welcome to continue using it. What we propose is to have the same rules applied to the U.S. Family Health Plan as apply to all other military retirees; namely, the retirees would be required to join Medicare, Medicare Part B, and the hospitals involved would receive the same claims payments. But, the program would continue.

Senator BROWN. Well, it's one of the highest-rated healthcare plans, though, in the military health system in 2010, isn't that right?

Mr. HALE. I'll accept your word. I think—I hear very good things about it, and so we have no reason to terminate it, and have no plans to terminate it, that I'm aware, now or in the future. I'd ask either Cliff Stanley or Jon Woodson to speak out.

Dr. WOODSON. That's exactly correct. We don't have any plans to terminate it. I think what we plan to do is bring payment in line with other beneficiaries. So, for example, the average cost for a Medicare-eligible beneficiary in the U.S. Family Health Plan is about $19,000—there's a—you know, a range—but about $19,000. Other beneficiaries that exercise the use of Medicare, we pay about $4,500. And the real issue is that, over the years, these hospitals were given special benefits. And they are on solid plans, in terms of the delivery of care, so we don't want to lose them. It's just that, in 2011, we need to change our business model to remain solvent and keep the benefit of health insurance solid for the future—future retirees. And we can't afford to pay these excessive amounts for these Medicare-eligible——

Senator BROWN. So, you're looking at, what, save 3 billion over a 5-year period?

Dr. WOODSON. Right.

Senator BROWN. Is that accurate?

Dr. WOODSON. Right.

Senator BROWN. And so, if—the proposed legislation, if enacted, would basically force future retired members of the military to disenroll from the program that they—apparently is the highest-rated healthcare plan in the military health system, into, quite frankly, a plan that is not as high rated.

Dr. WOODSON. Well, they could keep their same doctors——

Senator BROWN. Right.

Dr. WOODSON.—and go to the same hospitals. About 92 percent——

Senator BROWN. But, they don't get the same plan and the——

Dr. WOODSON. Well——

Senator BROWN.—the same benefits.

Dr. WOODSON. Well, about—the care should be the same. About 92 percent of the docs in the U.S. Family Health Plan do accept Medicare. And, of course, they may not be accepting new Medicare individuals, but these would be old patients. And they could keep their doctors and——

Senator BROWN. Are you sure of that? That—so you're saying—you're guaranteeing, the people that are listening, that when they're forced to disenroll, that they will absolutely be able to enroll and get a doctor—their—keep their same doctors?

Dr. WOODSON. Well, the—you know, I just came out of practice before I—a few weeks ago, before assuming this position, and I would, personally, never send a patient who has been with me away——

Senator BROWN. But——

Dr. WOODSON.—after I've established a relationship with them over years, because their insurance changed. And so, the issue is that the payment scheme would be different for these doctors, under the proposed changes. But, the beneficiaries could keep their same doctors.

Senator BROWN. Well, you're saying there's going to be a payment-scale difference between—with the doctors. So——

Dr. WOODSON. Right.

Senator BROWN.—you're basically saying that you have a group of retirees who are getting the best healthcare, according to the

highest-rated healthcare plan in the military health system. They're on that system, they're marching along, they're enjoying it. Then, all of the sudden, at age 65, when they potentially need it the most, you're going to—they're going to be forced to disenroll and go into a plan, where, you know—fortunately you're—you seem—obviously, you would never kick them out, but there are others that would say, "You know, what I'm get—I'm not going to let them in, because I'm not getting the reimbursements." I mean can you, any of you, guarantee that, in fact, every retiree, or majority of the retirees, will get that same, you know, care and attention that you would do?

Dr. WOODSON. Well, we would certainly work with them to make sure that the beneficiaries were protected. You know, the issue is that, actually, the health plans would do fairly well under the proposals that we are putting there—putting forth—because, in fact, TRICARE for Life, which would be the copay, would pay 20 percent, Medicare would pay 80 percent, so they would get 100 percent of the payment. And so, I think the incentives for dismissing these patients would be extraordinarily small.

Senator BROWN. Just to shift—I have—just have a couple more, Mr. Chairman—just to shift a little bit—well, I've got to be honest with you, a lot of the complaints and comments I get about, you know, Medicare and the care that they get, people are, like, there's—they don't go, and they don't like it, for a reason. And—whether it's the patient or the doctor—and the fact that we're going, you know, from the highest-rated healthcare plan in the military system to something that could be dramatically worse, it concerns me.

Dr. WOODSON. Yes, and I appreciate your concern, Senator. But, you know, in 2011, we have to look at all participants, plans, providers, and ask, What is the best value? And excessive payments to a certain segment, really, in a time of efficiencies——

Senator BROWN. Well, wouldn't you, then, address the payment scheme, then, instead of—wouldn't you merely just address the payment scheme or this payment situation, instead of, you know, shifting them onto a Federal system that is going to be, I think, quite frankly, overburdened at that point in time?

Mr. HALE. Senator, I'd like to add. I think you have to ask yourself, and the Congress does, whether or not we want to treat one group of retirees totally different than we treat everybody else in the military. Is that the right thing to do? We think not. We are treating them different

Senator BROWN. Based on what?

Mr. HALE. We don't require that the people in the Family Health Program enroll in Medicare, and we pay the hospitals a good deal; the claims payments are much higher. It doesn't seem right to us——

Senator BROWN. Can't you negotiate——

Mr. HALE.—that the care throughout the system——

Senator BROWN. Can't you negotiate——

Mr. HALE.—is good.

Senator BROWN. Can't you——

Mr. HALE. Say again?

Senator BROWN. Can't you negotiate a better payment arrangement with them, instead of closing down, then shutting down——

Mr. HALE. Well, I don't think——

Senator BROWN.—and transfer——

Senator BROWN.—we're closing them down. As Dr. Woodson said, the doctors would stay there—incidentally, we fully grandfather everybody who's currently over 65, or that is our proposal, so that it would affect them only as new people reached age 65. So, we do this very gradually. And we just don't think, in this period of time, it's appropriate to single out a group and say, "We're going to treat you better." It just seems wrong to us.

Senator BROWN. Thank you, Mr. Chairman.

Senator WEBB. Thank you, Senator Brown.

Senator Ayotte, do you have follow-on questions?

Senator AYOTTE. Two followups, Mr. Chairman.

One was, Secretary Stanley, in your written statement, you've highlighted the large percentage of American youth who are ineligible to enlist in the military, due to either a medical disqualification or drug and alcohol abuse, a criminal background, lack of an education. Going forward, especially as the economy improves, as we—how concerned are you about the relatively small pool of young Americans to be eligible to serve in our armed services?

Dr. STANLEY. Well, thank you, Senator, for the question. Very concerned, first of all. And actually, part of our strategic plan, as we've been working with the services, is to actually focus early on—I mean, we've already started working, quite frankly, from elementary school and on up, in a number of areas, from STEM education, things like that. Some of the things we've already talked about, in terms of programs, even from Yellow Ribbon integration, how we take care of our wounded warriors right now, that actually fits in part of the picture of taking care of our people.

But, having people in the population that are qualified to enlist is a very big concern. So, being able to not only keep the people that we have—because one of the things the data also tells us is that we have a lot of people in a—in a world or a society where so many people don't serve, many of the people who are serving actually are prodigy of people who have served. And so, there are things that we can do on Active Duty or when you're—you know, dealing with Active or Guard and Reserve—that actually help that part of the population. So, we're looking at it holistically, working closely with the services—working relationship—but definitely working long-term.

Senator AYOTTE. And what's your view on the National Guard Youth Challenge Program as one of the methods to address some of the challenges of reaching out to young people that want to enlist?

Dr. STANLEY. I'm going to make one comment and then ask Mr.—Secretary McCarthy to say something.

But, what I've heard about the program has been phenomenal. I have not seen it personally. But, what it has done, in terms of the data points I've seen, it's made a difference and turned some lives around.

Secretary McCarthy.

General MCCARTHY. I, you know, certainly agree with that. The Youth Challenge Program has been, largely, a huge success. But, frankly, it's a kind of a stopgap. It's getting people very late in the process. It's usually best, you know, directed toward kids who are already in some degree of difficulty. And so, it's not the answer, by any stretch of the imagination, but what it has done is very impressive and very remarkable.

Senator AYOTTE. Thank you.

Secretary Hale, we've been talking a lot about healthcare costs today, which is a big concern, not only within the Defense budget, with our overall fiscal state of the country. And in a GAO report, there was a recommendation that estimated that realigning DOD's military medical command structures and consolidating common functions could increase efficiencies and result in cost savings.

I would ask, I guess, the whole panel and would start with you, Secretary Hale, whether you support realigning the DOD's military command structures? And was this something that was—has already been considered during the development of the efficiency initiatives?

Mr. HALE. Well, the answer to both, at least speaking personally, is yes. I should say, yes, it was considered. We didn't go forward with it at the time. I think it needs to be looked at again. Like all organizational changes, it's got its contentious parts, and we need to work through them and make sure that we don't damage the quality of management in the healthcare system. But, I think it is something that we need to look at, and will look at.

Dr. STANLEY. And, if—I'd just make a comment. We are looking at it, but to go much further than that statement right now would probably not do the process very much good, because we're going to work with the services, work with the Joint Staff, and work with the OSD staff as we move forward in looking at how we organize, medically.

Senator AYOTTE. I can't help myself, but what are the most contentious parts that you have to address, if we were to move forward in this?

Dr. STANLEY. What I've seen, personally, has been, Senator, the—actually, we have service cultures differences. When we get out—and I was in theater, like, 1 week before Secretary Woodson. And out there, they're doing it, and they're there. The closer you get to Washington, DC, it gets a little bit more challenging. I was——

Senator AYOTTE. I can understand that. [Laughter.]

Dr. STANLEY. And I was actually—and I was in San Antonio last week, watching—you know, looking at what they're doing there.

We have cultural issues that have built up over the years—you know, good cultural issues—that have helped align and allow our services to do what they do in theater, in combat, the way it should be. What we're looking at now, though, are more efficient ways for—from pharmacies to not buying duplicate sets of equipment, to a doctor's a doctor's a doctor. There are number of different things to look at in how we train to do that in our total force. And this is a part of what we're looking at.

Senator AYOTTE. Well, I would ask all of you really to give us close examination of this. I think that's something that we would

all like to hear about. Because, as we look to the fiscal state of where we are right now, if we can consolidate in a way that's going to save money and still serve our military appropriately, then we need to move forward with that. So, thank you.

Senator WEBB. Just as one quick follow-on to what Senator Ayotte just said, and I'm going to then yield to Senator Graham and Senator Chambliss.

What percentage of the potential enlistment pool in the United States is ineligible to enlist or does not qualify to enlist? It's a very high number.

Dr. STANLEY. I think it's about—of the people who are out there in civilian——

Senator WEBB. Of the——

Dr. STANLEY.—life, right now——

Senator WEBB.—of the age cohort——

Dr. STANLEY. Yes.

Senator WEBB.—what percentage does not qualify to enlist?

Dr. STANLEY. I heard three-fourths, Senator.

Senator WEBB. I've heard around——

Dr. STANLEY. It's a significant number.

Senator WEBB.—up to two-thirds——

Dr. STANLEY. It's——

Senator WEBB.—does not meet enlistment——

Dr. STANLEY. I think you're probably right. It's significant.

Senator WEBB.—criteria, either because of physical or—you know, a variety of reasons. I find that astounding.

Dr. STANLEY. Same here.

Senator WEBB. I mean, if you even look at the Vietnam cohort, one-third of everyone in that age group served; 9 million out of 27 million people in that age group actually served. And we're saying that, of today's cohort, only one-third would even fit the profile in order to attempt to enlist? This is the number that I've heard. Is—can anybody verify that?

Dr. STANLEY. We can verify it. I've heard different——

Senator WEBB. If so, I mean——

Dr. STANLEY.—numbers. Yes.

Senator WEBB.—maybe——

Dr. STANLEY. That number's staggering.

Senator WEBB. I don't—I can't believe two-thirds of America's youth can't meet the mark. I'm wondering if your might take a look at that and see where the impediments are.

Dr. STANLEY. We'll take that for the record.

Senator WEBB. We may want to reevaluate—I don't want—you don't have to lower the standards, but you may want to reevaluate the standards that are being used, or at least take a look at them.

Dr. STANLEY. Will do, Senator.

Senator WEBB. Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

That is a stunning statement. I knew it was high, but two out of three, three out of four.

General McCarthy, what do we need to do, if anything, when it comes to mobilization legislation, regarding the Guard? And what role will the—what does "operational Reserve" mean in the 21st century?

General MCCARTHY. Senator Graham, the—we kind of lapsed into this term "operational Reserve." And one of the problems with it has always been there wasn't a——

Senator GRAHAM. To me, it means you're going to go a lot, yes.

General MCCARTHY.—there wasn't a consistent definition. What we've chosen—what I've chosen to say, and what's contained in the report, is using the Reserve as a part of the operational force. And I think that resonates with people that, when a Reserve—either individual or a unit—and obviously I mean Guard or Reserve—either individual or a unit comes on Active Duty, they seamlessly integrate with the active-component force. And that's what we've got to shoot for. We've got to do that periodically. We've got to do it in a right balance so that we're not over—we're not asking people to do that more than they can manage or that they're families and employers can manage. But, that's the goal, is to get so that we can use a portion of the Reserve component as a part of the operational force.

And I believe we do need a slight modification of our authority. The Department has sent over a legislative proposal. We've talked about it with——

Senator GRAHAM. Okay.

General MCCARTHY.—with the committee staff and with the staff in the House. And I'm hopeful that we will expand our authority so that the President can continue to call some number of reservists to Active Duty without the necessity of an emergency, because that will enable the Reserve component to serve even when there is not a declared emergency or——

Senator GRAHAM. What are the statutory limitations on service? Two years?

General MCCARTHY. Right now, we can call people only if there is an emergency, whether it's——

Senator GRAHAM. Right.

General MCCARTHY.—a declared war or a——

Senator GRAHAM. Right.

General MCCARTHY.—declaration of national emergency or something——

Senator GRAHAM. Right.

General MCCARTHY.—less. And the period of service is not to exceed 2 years of consecutive military service.

Senator GRAHAM. Now, I've been told, at one point during the height of the Iraq/Afghanistan engagement, that 55 percent of the people flying the tanker force were Guard members or reservists, and about three-fourths those people, if they had not chosen to volunteer, had exceeded their statutory service period, and they just agreed to keep working. Is that true?

General MCCARTHY. Well, I can't verify the precise number, but the Air Force, in particular, has always preferred—both as an institution and the people—always preferred to use volunteers. And they've done remarkably well with that. They've—they can put teams together, allowing people to volunteer as it suits their other schedule. So, they have made tremendous use of that, where, in—the Army and the Marine Corps tend more to mobilize as units.

Senator GRAHAM. Okay.

General MCCARTHY. But, the high proportion of the tanker force from the Air Force Reserve and the Air Guard is a longstanding fact.

Senator GRAHAM. Mr.—Secretary Hale and Secretary Stanley, the idea of drawing the Army down by 40,000, the Navy, 9,000, the Marines, 16,000, the Air Force, 10,000, is that a wise decision right now, given the uncertainties of where the world is going?

Dr. STANLEY. Well, first of all, Senator, thank you for the question. The conditions on the ground will dictate, obviously, where they actually go to. So, there have been some planning assumptions made, now. And actually—the Marine Corps, actually stepped up and said, "We want to go to that particular level."

Senator GRAHAM. Okay.

Dr. STANLEY. But, what we have to look at now is exactly what happens in Afghanistan and Iraq, the timing and pace of those—that. And then, that—you know, that goes to——

Senator GRAHAM. So, this is a work in progress, still.

Dr. STANLEY. This is a work in progress, as we speak. But, the planning has to be done.

Senator GRAHAM. Sure.

Dr. STANLEY. And the budget, as we are talking here today, actually there are things happening now that will affect the budget in the future. This is why it's—you know, you have your planning assumptions.

Mr. HALE. Let me just add, the drawdown on the Marines is in fiscal '15 and '16.

Senator GRAHAM. Right.

Mr. HALE. It's 15- to 20,000. The Army is 27,000, also in fiscal year '15 to '16. As Dr. Stanley said, it's conditions-based. We have several years to reevaluate those conditions.

Senator GRAHAM. Okay.

Mr. HALE. You mentioned the drawdown in the Air Force. I'm not familiar with that one. I don't think there's—at least, from 2011 to 2012——

Senator GRAHAM. I'm sorry, it's civilian positions in the Air Force.

Mr. HALE. Oh, civilians. Well, that—yes, that would——

Senator GRAHAM. You know, from an Air Force point of view, more and more things are being done by civilians, from the time I came on Active Duty to now. So——

Mr. HALE. Well, we are looking into—the Secretary has directed us to find lower-priority missions and activities we can do without in order to hold down our support costs. I think that's what you're seeing there.

Senator GRAHAM. One last question. The healthcare component of the budget. I know you've made some proposals about fee increases. And, from a political point of view, it's very hard to ask men and women in uniform to sacrifice more than they've done—the retired force. The way you treat your retirees depends how well you can recruit and retain.

Having said that, there has got to be some way forward. I've talked to a lot of the service organizations out there. There seems to be an understanding, by different service groups, that, slowly but surely, we need to adjust the reality that this is unsustainable.

Secretary Hale, how do we get from here to there?

Mr. HALE. Well, gradually, it seems to me, is the right start. And that is our proposal. You may remember, 2 years ago and 3 years ago, the administration made much more far-reaching proposals for changes in the TRICARE fees. They would have doubled, over a period of 4 or 5 years. Several—many hundreds of dollars, over that period. We're talking about $5 a month, for those in the Prime, family care, and a gradual indexing to a healthcare index.

So, I think we all respect the service that men and women do, and we expect a very generous plan, and I think they have the right to expect it. And we are providing that. But, I agree with the implication of your statement, Senator, if we don't do something, as Secretary Gates said, at some point, it will fall of its own weight. I think we need a very gradual transition.

Senator GRAHAM. Secretary?

Dr. WOODSON. It perhaps is useful to bring some numbers to this, just to—as illustrations. Since the inception of TRICARE and no fee increases, benefits and retirements have increased 50 percent. But, if we go forward—and let's take an example of a lieutenant colonel, O–5, whose pension is $48,000 a year in 2011——

Senator GRAHAM. What's an O–6 pension?

[Laughter.]

Dr. WOODSON. It depends on the years of service.

Senator AYOTTE. I'm married to an O–5, so——

Dr. WOODSON. But, assuming $48,000 a year, in 2012, over 10 years, assuming a COLA of 3 percent per year, the pension will grow by $16,000. At the same time, even if you accept the generous increase in prime enrollment fees of 6.25 percent, applying the same metrics, it would—the price would only grow to—by about $428.

So, what we're saying is that, because we're indexing the increase in fees to a smaller amount, even if they had a rise, it doesn't eat up the COLA, is what I'm saying.

Senator GRAHAM. Gotcha.

Dr. WOODSON. And so, it's about fairness and protecting this very generous benefit for the future, for individuals who will serve in the future and, in fact, will need healthcare, as well.

Senator GRAHAM. Thank you. I have a letter from a bunch of generals who say we need to be thinking about doing exactly what you said. I would like to introduce it into the record.

Thank you all for your service.

[The information referred to follows:]

[SUBCOMMITTEE INSERT]

Senator WEBB. Thank you, Senator Graham.

Senator Blumenthal, welcome. Since Senator Chambliss has been waiting, I'm going to go ahead and call on him.

Senator CHAMBLISS. Thanks, Mr. Chairman. And it's always a scary thought, to his friends, that Senator Graham is a colonel in the Air Force Reserve. [Laughter.]

Thank goodness you all don't let him carry a gun. [Laughter.]

Senator WEBB. For the record, when my dad was a colonel in the Air Force, I think he made $14,000 a year. So, we've come a long way, folks. It's been a long time. But——

Senator CHAMBLISS. Secretary Stanley and Secretary McCarthy, I understand there's been some confusion or lack of consistency regarding how the provision authorizing early receipt of retired pay is being interpreted at DOD. And since I'm the author of that provision, I want to state my intent, for the record.

First, my intent was to reward servicemembers who perform Active Duty for significant periods. We had to bound the provision somehow, so we set the period during which members would be required to serve an aggregate of 90 days of duty to be the confines of a single year—fiscal year10 or fiscal year11, whatever. The intent was not that a servicemember should be rewarded to any aggregate duty of 90 days that they served over their Reserve career. Now, that's what we intended, and I'm going to ask you all to comment on that.

Second, my intent was to reward servicemembers who were activated, mobilized, deployed, or called to duty in support of a contingency operation. In my view, this should include any duty, CONUS or OCONUS, that is related to a contingency operation or a national emergency, regardless of the specific type of the order the member is called to duty under.

Now, both Secretaries, with that explanation, I'd just like for you all to give me your feedback on how DOD is interpreting the current statute, what ambiguities you believe may exist in that language, and the extent to which the services are interpreting the provision differently. And anybody else has a comment, you're welcome to, but I think you two would probably be the most appropriate.

Dr. STANLEY. Senator Chambliss, I'm not going to say much right now, only because I haven't seen it yet. I'm going to be openminded when I look at it. Your explanation actually will help me when I receive it, because I know it's coming my way.

General MCCARTHY. Senator Chambliss, the main problem that I am aware of is the first one that you mentioned, bounding the 90-day period by saying "within the same fiscal year." And clearly, the language—the statutory language includes that bounding provision.

Where we've run into a problem is where someone serves, for example, 45 days on one side of the fiscal year followed immediately, consecutively, by 45 days on the other side of the fiscal year. And the interpretation of the Office of General Counsel has been, that service doesn't meet the standards of the statute because it crosses 2 fiscal years. We're trying very hard to figure out a way to carry into effect your intent of rewarding 90 days of continuous service, and to work around this provision of "within the same fiscal year." And we have not yet found a solution that everybody can live with, in part because there's money associated with it, appropriation associated with it. But, I think that everybody is working in good faith to try to figure out a way to solve that.

Senator CHAMBLISS. Okay. Actually, Senator Tester and I have an amendment that we're going to have in the authorization bill this year that I think will clarify that. Because that can happen, and obviously it has happened, and we want to try to straighten that out. It's the 90 consecutive days that's the most important thing, rather than the fiscal year. So, I think, with what he and

I are going to do in the authorization bill this year will get that clarified.

General MCCARTHY. Thank you.

Senator CHAMBLISS. Thanks, Mr. Chairman.

Senator WEBB. Thanks, Senator Chambliss.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you. Thank you, Mr. Chairman.

I just want to say, at the outset, I thank Senator Chambliss for his legislative proposal, which I have supported, on Reserve retirement credit.

And thank you—even more important, thank you, gentlemen, for your service, both now and in your past, and the men and women who are sitting behind you in this room and who are serving under you, or with you, in the Department of Defense. And I think we can all—all of us in the Senate, all of us in the Nation—be grateful for the great work that you are doing.

I want to focus, just briefly, on, first of all, homeownership. And, Secretary Stanley and Secretary McHale, as you know, the stimulus bill in Congress greatly expanded the resources available under the DOD Home Ownership Assistance Program to help servicemembers who are changing their duty station, particularly in light of the BRAC process. And I wonder if you could speak, today, to the resources available to continue that program, what the Defense Department is looking to do to make it more sustainable.

And also, equally important, I am very concerned about issues relating to mortgage fraud and foreclosures, both inside and outside of the military community, but particularly as it affects the military community. And I wonder if you could comment on both the homeownership program and the susceptibility of the military community to that kind of fraud, whether it's related to the homeownership program or not, and what the Defense Department is doing to aid the military community.

Thank you.

Mr. HALE. Well, I can—I'm going to have give you specifics for the record, Senator, on the HAP Program—homeowner.

I think we're okay, financially. We were worried, because we had no experience with a program—or, not much experience with this kind of program, and this is quite extensive. We formulated a set of rules which we thought were reasonable and, I believe, have kept within the bounds of the money that Congress appropriated. I don't know exactly how much has been obligated as of now. We'll get it for you, for the record. But, I think we're okay. I'm certainly not hearing any financial problems with the program.

[The information referred to follows:]

[INFORMATION]

Dr. STANLEY. Senator, I've been personally engaged on the fraud end of it, even before we got to just the mortgage piece, of taking care of our servicemen and -women, and the Service and Civil Relief Act, working with Department of Treasury, looking at ways to ensure that our servicemen and -women are not taken advantage of in lots of different fora, and not just homeownership. So, it's a big issue, from the readiness standpoint, because if you're not ready at home, you are not going to be ready when you go forward.

So, it's a significant readiness issue that we're focused on. And I agree with Secretary Hale, we'll get back to you on specifics.

[The information referred to follows:]

[INFORMATION]

Senator BLUMENTHAL. Well, I appreciate that. Is there anything—are there measures that we can take that would assist you in stopping this kind of fraud, or simply the institutions that are pushing the envelope in taking advantage of our military men and women, perhaps just barely within the law, but exploiting their vulnerability at a point when they're trying to get ready to serve abroad, and their families being at home, and that kind of exigency?

Dr. STANLEY. Senator, my instincts say yes. And then we'd like to get back to you and work closely with you on it, because this is really important, from a readiness standpoint. If you're not ready, as I said, you're not going to fly the plane, you're not going to shoot straight. There's a whole lot of things that are going to happen. So, I'd like to get back to you, on the record, on that and do that.

[The information referred to follows:]

[INFORMATION]

Senator BLUMENTHAL. Well, I really appreciate that. And I would very much like to work with you and other members of this panel and your staff on this issue, because I regard it as very important. I commend and thank you for your interest.

Mr. HALE. So, Senator, I do have facts. We have obligated most of the 555 million that was appropriated under the Stimulus Act, about 98 percent. I think, in most cases, we have completed the periods of time when people could take advantage of it. There'll still be outlays, as folks actually move. But, it's higher than I thought. So, we'll check.

I'll stand by my statement, though. To my knowledge, no one has come to me and said, "We're going to run out of money." So, I think we're okay.

Senator BLUMENTHAL. If you develop additional facts, please feel free to get them to me.

I just want to say to Secretary Woodson, for some years, as you probably know, the Yale Center for Emergency Preparedness and Disaster Response has worked with the United States Northern Command to develop national strategies and conduct training for civilian military collaboration in integrated medical and public health preparedness, and these kinds of activities. Their preparedness and expertise really align with a large number of medical preparedness and response projects across the country. I'd like to see that work continue. I think it serves the National interest. And I ask that you make yourself available to meet with my staff, possibly with me, with the director of the program, to see what role they may have in working with you to jointly address this continuing challenge, and the coordination of civilian and medical resources. If you would be available, I would greatly appreciate it.

Dr. WOODSON. I'd be very happy to meet with you. In a prior life, I had something to do with that. So, I would be very happy to meet with you.

Senator BLUMENTHAL. Great. And let me just ask one last, sort of, open-ended question, and you should feel free to get back to me

on this one, as well. Traumatic brain injury, post-traumatic stress—there may have been questions about it before now, but, obviously, as our Reserve engage in more of the front-line battle, they will be susceptible to it. And we've heard various estimates, from the Chairman of the Joint Chiefs of Staff, Admiral Mullen, and others, that there's a very high rate of nondiagnosis or misdiagnosis, as high as 30 percent, of those two conditions. So, I wonder if you care to comment on it.

General MCCARTHY. Senator, you're absolutely right. That's a—that is a challenge for the Reserve component that, in some ways, is exactly the same as the active component but, in some ways, is very different, because you get some many Reserve-component members who, after they complete their service in combat, kind of blend back into a civilian community and don't have the day-to-day association with military leaders and observers that they would have if they were still on Active Duty.

I believe, personally, that we're doing a better job on the post-deployment health assessments. And not that we don't have a long way to go, but I do think we are doing better than we were, some years ago, on that. And I also believe that the Yellow Ribbon Reintegration Program, which has these recurring meetings and recurring opportunities for people to come back together and to be exposed to some of the science and some of the—frankly, the art of recognizing these kinds of problems, is very important, and will remain so. So—I've made the point already this afternoon—the Yellow Ribbon Program, we might have thought of it, originally, as just a short-term wartime-only program. I think it's more than that. And I think it's something that we should view as a longer-term requirement. Obviously, we won't be doing it at the same rate we were doing it a few years ago, but we will still have the requirement as we deploy members of the Guard and Reserve.

Senator BLUMENTHAL. Well, I can—I appreciate that. I think it's very important, again, if there are ways that members of the committee can assist you, particularly with the traumatic brain injury and the post-traumatic-stress aspects. Sitting where you are, right now, Sergeant Major Kent of the Marine Corps—and I know, as a marine, you are familiar with his service—commented on the extent and the seriousness of this problem, as did others on that day. And so, I appreciate your attention to it. Thank you.

And thank you, again, to all of you——

Dr. WOODSON. Senator——

Senator BLUMENTHAL.—for being here today, and your very helpful testimony.

Dr. WOODSON. Senator, if I may make a few comments——

Senator BLUMENTHAL. Sure.

Dr. WOODSON.—in regards to that, because, obviously, in Health Affairs, we've been very much involved and concerned about the invisible wounds of war and the signature injuries of these last 10 years of war.

I just returned from Afghanistan, and I can tell you we have a robust treatment protocol in place to pick up just about every concussed soldier who might be within the radius of 50 meters of a blast injury, to include an evaluation they go through to assess for

concussion, and referral at the earliest possible moment, and to record that data for longitudinal followup.

On the other end of behavioral health, we've added 12,000 new behavioral health specialists to our integrated TRICARE network, and then increased, by 2,000, the number of behavioral health specialists on Active Duty.

We do have some recruitment challenges, particularly in psychiatrists, but the Air Force is about 93-percent full. And we continue to work strategies, in terms of scholarships, et cetera, to get the behavioral health specialists trained and on Active Duty.

So, we've done a lot, still need to do more, in terms of behavioral health specialists.

But, as it relates to the Guard and Reserve, every State has a behavioral health coordinator. And there is abundant outreach to identify resources within each State and coordinate the care of any Reserve component or guardsman that might need behavioral health. Again, more to do, but we're working vigorously to meet the needs.

Senator BLUMENTHAL. That's very helpful. I'm glad you added that comment.

And again, thank you for your service and for being here today.

Thank you.

Senator WEBB. Thank you, Senator Blumenthal. And, just as a follow-on, on the—to that line of questioning, I can say things are incredibly different that they were in the post-Vietnam period, on these issues. And I was up here as a committee counsel from 1977 to 1981, and the casualty flow from Vietnam had been so much higher than what we're seeing now. In fact, the one year that I was in Vietnam, we lost—12,000 Americans dead. That's twice as many as have died in Iraq and Afghanistan, combined, in the entire 10 years of war. And the mood in the country was different. The level of knowledge was so much different. We did a lot of pioneering work, in terms of post-traumatic stress, on the Veterans Committee up here during that period. It was a new concept, in terms of what people were trying to examine. And it was pioneered not by the government, but, initially, by the disabled American veterans—the veterans organization, themselves, which had a high percentage of Vietnam-disabled soldiers and marines, particularly. And they started their own—they funded their own project, called the Forgotten Warrior Project, because they could see that something wasn't right and it wasn't being examined. And the attention that's being given right now, at all levels, is just incredible, compared to what was going on then.

The issue of traumatic brain injury is, to me, something completely new. And I think so much of it comes from the IEDs, where people are inside vehicles and you have these—or this echoing impact that a regular blast, in other wars, was—did not really experience. And I'm very committed to seeing more research done on this, and continuing to do the sorts of things that Secretary Woodson was talking about—monitoring people early on and getting some sort of a tracking on that area.

I have one final questions, here, and it really goes to how we're measuring some of our special pays and incentives. And I don't know if you all are familiar with an article that was in the Wash-

ington Post on March 18th by an Iraq and Afghanistan veteran named Michael Cummings. Are you familiar—it's called, "I Didn't Deserve My Combat Pay." Are you familiar with this article? It's—it is not a mean-spirited article at all. This is an individual who served in hard combat in Afghanistan, and then had a pretty relaxed tour in Iraq, and basically was pointing out some inconsistencies that I think are fair, in terms of evaluation. I'd like to get your thoughts on them. And in fact, Secretary Stanley, maybe you could take this article and give us a response.

And one of the things he points out was that people who serve in Bahrain, Qatar, Kuwait earn the same tax-exempt benefits as troops in Iraq and Afghanistan. I'm reading from his article, by the way. "Sailors in Bahrain can bring their families to live with them while still earning $225 a month in imminent-danger pay. He mentioned, in here, a contingent that came in from the States for a change-of- command ceremony, where they were on the ground for 2 days and they got 2 months of combat pay plus all the tax differentials, because it was the end of the month and the beginning of the next month.

And, you know, that is—I don't know why that happens. I think we have computers now—you can figure out how many days people are in theater, if you're paying these sorts of benefits. But, also, it—I think two of you are former marines; I'm a former Marine—that's a huge leadership question, too, when you turn around to people who are out there really having to do the hard work, and you can turn around and say somebody came in for a change of command for 2 days and got this huge break.

And he says, in this article—he says, "Military commanders say, 'Don't just complain about the problem. Offer a solution.'" And he has a whole paragraph, here, with his solution. I'm not saying these are the answers, but I would like to get your thoughts, Secretary Stanley, on where some of these things are. And if they're justified, fine.

But, I think this young veteran deserves an answer. I think he deserves a response. It's very fair and very supportive of the people who've had to serve, in general.

I appreciate all of you coming today and spending time with us.

As I said, your full testimony not only will be in the record, but will be read carefully by staff. We will probably have other staff-to-staff comments. And appreciate what you're doing for our country.

And, Secretary McCarthy, my best to you as you depart.

And I look forward to sitting down and talking with him when you feel comfortable doing that.

Thank you very much.

[Whereupon, at 3:43 p.m., the subcommittee adjourned.]