



**NATIONAL  
MILITARY FAMILY  
ASSOCIATION**

Together we're stronger

Statement

of the

**NATIONAL MILITARY FAMILY ASSOCIATION**

Before the

**UNITED STATES SENATE  
ARMED SERVICES COMMITTEE**

**May 6, 2014**

**Not for Publication Until Released by  
The Committee**

The National Military Family Association is the leading nonprofit organization committed to strengthening and protecting military families. Our 45 years of accomplishments have made us a trusted resource for families and the Nation's leaders. We have been at the vanguard of promoting an appropriate quality of life for active duty, National Guard, Reserve, retired service members, their families and survivors from the seven Uniformed Services: Army, Navy, Air Force, Marine Corps, Coast Guard, and the Commissioned Corps of the Public Health Service and the National Oceanic and Atmospheric Administration.

Association Volunteers in military communities worldwide provide a direct link between military families and the Association staff in the Nation's capital. These volunteers are our "eyes and ears," bringing shared local concerns to national attention.

The Association does not have or receive federal grants or contracts.

Our website is: [www.MilitaryFamily.org](http://www.MilitaryFamily.org).

Chairman Levin, Ranking Member Inhofe, and Distinguished Members of the Committee, the National Military Family Association thanks you for the opportunity to present testimony concerning military compensation. After more than 13 years of war, we continue to see the impact of repeated deployments and separations on our service members and their families. New stressors from sequestration budget cuts and threats of downsizing are threatening the well-being of military families.

We appreciate the creation by Congress of the **Military Compensation and Retirement Modernization Commission**. We feel it is imperative that its charter be honored. It was formed to examine the entirety of the military compensation system. We have provided input to the Commission on issues important to military families and suggested alternatives that could enable the Department of Defense (DoD) to provide benefits and family support services more effectively. We are not necessarily opposed to changes in the compensation system if they are made after thoughtful research and consultation and careful study about how the changes in individual elements of the system affect the whole. A piecemeal approach will not work. We expect the commission process to be respected and the recommendations thoughtfully considered in consultation with all the stakeholders.

We have chosen to focus our statement on issues affecting current service members and their families.

## **Executive Summary**

The United States military is the most capable fighting force in the world. Over more than a decade of war, service members and their families never failed to answer the call, gladly sacrificing in order to protect our Nation. They made these sacrifices trusting that our government would provide them with resources to keep them ready. Recent national fiscal challenges have left military families confused and concerned about whether the programs, resources, and benefits contributing to their strength, resilience, and readiness will remain available to support them and be flexible enough to address emerging needs. The Department of Defense (DoD) must provide the level of programs and resources to meet this standard. Sequestration weakens its ability to do so. Service members and their families have kept trust with America, through over 13 years of war, with multiple deployments and separations. Unfortunately, that trust is being tested. The Fiscal Year 2015 (FY15) budget proposal put forward by the Administration will undermine military family readiness in fundamental ways, by cutting families' purchasing power and forcing them to bear more of their health care costs. At the same time, looming cuts mandated by sequestration threaten the programs and services they rely on for support. Our Association makes the recommendations in this statement in the name of supporting the readiness of military families and maintaining the effectiveness of the all volunteer force. We ask the Nation to keep the trust with military families and not try to balance budget shortfalls from the pockets of those who serve.

### **We ask Congress to:**

#### **End sequestration, which places a disproportionate burden on our Nation's military to reduce the deficit.**

Let the Military Compensation and Retirement Modernization Commission (MCRMC) do its job in evaluating compensation, including health care, Basic Allowance for Housing (BAH), and commissaries, holistically.

As you evaluate the proposals submitted by DoD, consider the cumulative impact on military families' purchasing power and financial well-being, as well as their effects on the morale and readiness of the all volunteer force now and in the future. We ask you to:

- reject budget proposals that threaten military family financial well-being as a way to save money for the government.
- keep military pay commensurate with service and aligned with private sector wages.

- oppose shifting health care costs to active duty family members. We especially ask you to oppose any TRICARE change that will create a barrier to military families' access to behavioral health care. Ensure families of all seven Uniformed Services have timely access to high quality, affordable health care and a robust TRICARE benefit including preventive health care services.
- protect the 30 percent savings military families receive when shopping at the commissary by continuing the annual appropriation to support the system at its current level. Commissaries are part of compensation and provide important savings for military families. Before any decisions are made to change the commissary benefit, a study should be conducted to determine the value of the benefit.
- ask DoD how the reduction in BAH payments will impact the contracts that have been negotiated with the privatized housing contractors. Will this result in fewer services, reduced maintenance or families paying over and above their BAH for their privatized housing?

We have addressed the immediate and long term impacts of the proposed FY15 budget on military families. Our Association also asks Congress to make improving and sustaining the programs and resources necessary to keep military families ready a national priority. We ask Congress to:

- Provide oversight to ensure DoD and the individual Services are supporting families of all components by meeting the standards for deployment support, reintegration, financial readiness, and family health in Department of Defense Instruction (DoDI) 1342.22. Fund appropriately at all levels. Special attention needs to be paid to the flexibility for surge capabilities.
- Ensure adequate funding for military child care programs, including child care fee assistance programs.

## **Keeping the Trust of Military Families**

America's all volunteer force is the most capable fighting force in the world. Over more than a decade of war, service members and their families have heroically answered our nation's call to serve. Their sacrifice - of life, limb, and family - is offered selflessly, trusting in the steadfastness of our government to provide for their readiness and the needs of their families.

Many military families feel their sacrifices go unnoticed by civilian society, which is consumed with domestic concerns such as the economy and unemployment. Military families share those concerns. But they also feel the Nation is forgetting the price they alone have paid in 13 long years of war.

Trust in government is essential to the long term viability of the all volunteer force. That trust is reinforced through the predictability, efficiency, and fairness of compensation and benefits. Since 2006, throughout the wars in Iraq and Afghanistan, the Administration has proposed various benefit "reforms," mostly in health care, which would have increased the financial burden of those who have served. The changes proposed in the Fiscal Year 15 (FY15) budget, coupled with the arbitrary reductions forced by sequestration affect the families of those who serve now and undermine the trust military families have in the government's commitment to support the all volunteer force over the long term. This is a price the Nation cannot afford to pay.

The Administration's proposals to cut pay increases, reduce housing allowances, eliminate commissary savings, and increase health care costs pose significant risk to the financial well-being of military families. Congress must resist these changes. **Service members and their families should not be asked to pay the bill for their own readiness.**

The forthcoming report of the Military Compensation and Retirement Modernization Commission (MCRMC) should become a catalyst for a broad discussion of military compensation and benefits for future generations. Taxing those currently serving, and those who have served, in order to finance other priorities, is wrong headed and unacceptable to military families. We ask Congress to honor its commitment to military families and not to balance budget shortfalls on the backs of those who serve.

*"The all-volunteer force is comprised of people who trust -- they trust that we will treat them with dignity, respect, and due regard for their overall well-being. This trust is priceless. This trust puts in place the greatest weapons system we can provide the sailors of the United States Navy. That weapons system is called unit morale."*

*Master Chief Petty Officer of the Navy (MCPON) Mike Stevens*

## **Sequestration: An Ongoing Threat to Family Readiness**

The effects of sequestration have already resulted in cuts to benefits and programs that military families have come to rely on. Much of the funding for these programs is embedded in the Service Operations and Maintenance Accounts, which have been the hardest-hit by sequestration. Understanding what is affected by sequestration has been confusing for families. Our Association used social media to help military families tell truth from fiction and to keep them up to date on how sequestration would affect them. Our families used social media to voice their frustration about sequestration's effects on their service members' ability to do their jobs and on the damage caused to the military community. Military families were impacted by sequestration with cuts to services and the threat of closure of DoD schools when civilian workers were furloughed and hiring was frozen. Sequestration limited the availability of health care appointments because furloughs of civilian medical staff resulted in reduced hours of operation at military hospitals and clinics. Military families reported longer wait times for appointments and delays in obtaining treatment. Some were told to go to the emergency room for acute care that would normally be handled at the MTF.

When we speak to military families about sequestration, one of their major areas of concern is child care. Service members who rely on installation child care centers worry centers will reduce their operating hours or turn more families away. Families who use the fee assistance program wonder if those funds

will still be available. We have already heard from families that child care respite programs for families of deployed service members are being phased out. Other locations have curtailed or eliminated hourly or drop-in care. Losing these services is a particular hardship to families overseas or in remote locations, who may have few child care alternatives.

Impact Aid was one of the first casualties of sequestration cuts, because unlike other education programs, Impact Aid is current-year funded. Over the course of the past year, we heard reports from school districts facing significant funding cuts due to sequestration. For example, the Killeen Independent School District, which serves 18,000 military children, faced the loss of more than \$2.6 million in 2013. Our Association thanks Congress for restoring \$65 million to the Department of Education Impact Aid program in the FY14 Consolidated Appropriations Act. This funding is critical to public school districts educating large numbers of military children. However, we continue to be concerned about the long-term consequences the spending caps imposed by the Budget Control Act (BCA) will have on school districts reliant on Impact Aid.


While the Bipartisan Budget Act of 2013 provided some relief, we know that with future cuts required down the road, military families will continue to see cuts and threats to the programs and resources they require for readiness.

We ask Congress to end sequestration and end the threat to the resources military families depend on for their readiness.

### **The Administration Budget Proposal: A Disaster for Military Family Pocketbooks**

The Administration's budget proposal has only added to the growing sense of frustration in the military community. Military families are financially savvy. They are doing the math and feel they are shouldering the burden for balancing the budget when they've shouldered the entire burden of the last 13 years of war. They should not have to pay the bill to finance their own continued readiness.

Lower pay raises  
+  
Commissary cuts  
+  
Reduced BAH  
+  
Less medical coverage  
=  
**Military families suffering**

  
NATIONAL MILITARY FAMILY ASSOCIATION  
Together we're stronger  
[www.militaryfamily.org/dodbudget](http://www.militaryfamily.org/dodbudget)  
#KeepYourPromise

### **Pay Raise**

For the second year in a row, the Administration is proposing a pay increase of only 1 percent, below the level of private sector wage increases. The Employment Cost Index (ECI) was chosen as the standard for active duty pay raises in order to recruit and retain the quality of service members needed to sustain the all-volunteer force. What's changed?

***We ask Congress to keep military pay commensurate with service and aligned with private sector wage increases.***

### **Basic Allowance for Housing**

Under the Administration proposal, service members will receive 95 percent of the Basic Allowance for Housing (BAH) for their rank and location resulting in greater out of pocket housing costs. This “slowed growth” of the BAH will affect families whether they rent or own their own home. We appreciate the lower BAH will not affect a military family until their next duty assignment, but are concerned about the long-term impact on families’ ability to find and pay for appropriate housing.

BAH is paid at a with-dependent or without-dependent rate and varies based on the service member’s rank and the rental and utility costs for housing within a reasonable commuting distance of where the service member is assigned.

What will be the effects of lower BAH rates on privatized housing? Right now, the rent for privatized housing is tied to the BAH rate for each rank. Privatized housing has been a good deal for the government and for military families. If the amount paid to the contractors is reduced, what will that mean in terms of maintenance and renovation down the road? Will military families be responsible to pay the difference between rent and BAH?

***Please ask the Department of Defense how the reduction in Basic Allowance for Housing (BAH) payments will impact the contracts that have been negotiated with the privatized housing contractors. Will this result in fewer services, reduced maintenance, or families paying over and above their BAH for their privatized housing? What will the long-term impact on families’ ability to find and pay for appropriate housing?***

### **Commissaries**

Our Association believes that the 30 percent savings available to military families who regularly shop at the commissary is an important part of compensation. Re-engineering the way the commissary does business by reducing the appropriation and thus raising prices wreaks havoc with a system that has been recognized as a model of efficiency. In 2011, the commissary saved customers more than \$2.79 billion,<sup>1</sup> with a cost to the Department of Defense (DoD) of only \$1.34 billion. In 2013, the commissary continued to provide \$2.08 in savings to patrons for every \$1 of appropriations.<sup>2</sup> Why would the government want to cut a program that returns twice the value to customers that it costs DoD to provide?

Military families appreciate that efficiencies must be found, especially to preserve readiness. However, the commissary is not just a quality of life program that can be downsized. It, too, is intended “to support military readiness, recruitment, and retention” (10 U.S.C. §2481). While other readiness programs have had to grow in cost to support growing numbers of service members and patrons, the government contribution for the commissary has stayed relatively level.

DoD proposes commissaries take on a business model closer to that used by the exchanges. The exchanges operate on a for-profit model that allows them to set prices above cost, currently prohibited by law to the commissary. Furthermore, the exchanges and commissaries carry few of the same products and serve entirely different purposes. Profits from the exchange are used for operations and help fund Morale, Welfare and Recreation (MWR) programs. We wonder if military installations would be able to support two for-profit entities in their environs, especially if they carry duplicate products. We wonder what the effect will be on contributions to MWR when the commissary starts selling more of the same products as the exchange. If the purpose of the commissary system is to support service members and families by selling groceries at cost plus a surcharge for construction and renovation, why is raising prices acceptable?

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<sup>1</sup> [http://www.commissaries.com/press\\_room/press\\_release/2012/DeCA\\_28\\_12.cfm](http://www.commissaries.com/press_room/press_release/2012/DeCA_28_12.cfm)

<sup>2</sup> [http://www.commissaries.com/press\\_room/press\\_release/2014/DeCA\\_01\\_14.cfm](http://www.commissaries.com/press_room/press_release/2014/DeCA_01_14.cfm)

Out of all of the cuts in the FY15 budget proposal, many families tell us the reduction in commissary savings is what will prove most detrimental to their financial well-being. Even with the 10 percent savings proposed by DoD, a family of four that shops regularly at the commissary would lose at least \$200 per month.<sup>3</sup>

*I think it's personally ridiculous that we're going to go after something that saves some ... young lance corporal, ... \$4,500 a year for every time he walks in there -- he's got two kids and every time he ... shops it's \$240. Well, ... he just put \$80 worth of gas into his car and he doesn't even know it.*

*Sergeant Major of the Marine Corps Micheal Barrett*

Military families tell us they rely heavily on the commissary savings and appreciate the good deal they get. Some tell us they don't use the commissary often due to distance, unfamiliarity, or inconvenience and they may not realize the overall savings they can achieve. For service members who qualify for the Supplemental Nutrition Assistance Program (SNAP) or the Women, Infants and Children (WIC) nutrition program, using the commissary allows families to stretch their benefit and provides a buffer to the many others who may be teetering on the financial edge. The many who use the commissary tell us they not only value this benefit, they do not know how they would provide for their families without it. Recently, a family member told us,

*Anyone who says the commissary is unnecessary has never tried raising a family on \$1,400/month and has never been on recruiting duty. The commissary is a budget lifesaver.*

Senior leaders tell us they will not close commissary stores as part of this proposal. But when military families lose their savings at the commissary, they will stop shopping there. Fewer patrons will reduce the ability of the commissary system to leverage economies of scale – the revenues generated at the larger commissaries such as Fort Belvoir allow the family shopping in a smaller commissary in Guam or Dugway, Utah, to realize the same savings. This will have tragic consequences for a system that currently works. Military families need savings; they don't need just another grocery store that is convenient to where they live!

***Protect commissary savings by continuing the annual appropriation to support the system at its current level. Commissaries are part of compensation and provide important savings for military families. Before any decisions are made to change the commissary benefit, a study should be conducted to determine the value of the benefit.***

#### **Consolidated TRICARE Health Plan**

**Our Association opposes shifting health care costs to active duty family members. We are particularly troubled the Consolidated TRICARE Health Plan proposal does not spread these costs evenly among all beneficiaries. Rather, the additional out of pocket expenses will be concentrated among those who cannot receive care at a Military Treatment Facility (MTF) and special needs families who require extensive specialty care. Even though the Consolidated TRICARE Health Plan proposal suggests the impact on families will be modest, we believe the proposed plan will have a significant negative impact on those populations mentioned above. We also firmly oppose any policy that will create a barrier to military families' access to behavioral health care. The Consolidated TRICARE Health Plan raises many unanswered questions and significant concerns that it will ultimately result in diminished access to care for military families.**

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<sup>3</sup> Current estimations show that a military family of four shopping regularly/exclusively at the commissary saves \$3600/4500 annually ([http://www.commissaries.com/press\\_room/fast\\_facts.cfm](http://www.commissaries.com/press_room/fast_facts.cfm)).



The Consolidated TRICARE Health Plan proposed in the FY15 budget would eliminate the current TRICARE managed care and fee-for-service options (Prime, Standard, and Extra) and replace them with a cost sharing structure for everyone including active duty family members.

***Active Duty Family Member Outpatient Cost Sharing for Consolidated TRICARE Health Plan effective January 1, 2016***

Services	MTF Co-Pays		TRICARE Network Co-Pays		Out-of-Network Cost Share <sup>a</sup>
	E4 & below	E5 & Above	E4 & below	E5 & Above	All ADFMs <sup>b</sup>
Clinical Preventative Services	\$0	\$0	\$0	\$0	\$0
Primary Care Visit	\$0	\$0	\$10	\$15	20%
Specialty Care Visit <sup>c</sup>	\$0	\$0	\$20	\$25	20%
Urgent Care Center	\$0	\$0	\$25	\$40	20%
Emergency Dept	\$0	\$0	\$30	\$50	20%
Ambulance	\$10	\$15	\$10	\$15	20%
Ambulatory Surgery	\$0	\$0	\$25	\$50	20%

- a. Out of Network Cost Share = Percentage of TRICARE maximum allowable charge after deductible is met
- b. ADFM = Active Duty Family Members
- c. Specialty Care Visits include physical therapy, occupational therapy, and **behavioral health**
- d. Cost sharing is higher for retirees and their families
- e. Service members will still pay no out-of-pocket costs

Currently, the 79 percent of active duty family members enrolled in Prime<sup>4</sup> pay no cost shares for treatment received at an MTF or from civilian providers in the TRICARE network, assuming the beneficiary follows TRICARE referral and authorization policies. Previous reform proposals have focused on retirees. The FY15 proposed Consolidated TRICARE Health Plan reform will create unavoidable out of pocket health care costs for many active duty families, driven largely by their geographic location, health care condition, and ability to access care in an MTF.

The current TRICARE Prime referral and authorization process can be cumbersome and sometimes prevents timely access to specialty care. While we appreciate that the Consolidated TRICARE Health Plan proposal provides beneficiaries with open access to providers of specialty care, we are concerned cost will become the new barrier to accessing health care. Proposed cost shares are the lowest in MTFs,

<sup>4</sup> Evaluation of the TRICARE Program: Access, Cost, and Quality, Fiscal Year 2013 Report to Congress, Office of the Office of the Assistant Secretary of Defense (Health Affairs)

higher in the network, and highest out of network. While we understand this cost structure is designed to encourage use of military clinics and hospitals, thereby improving efficiency of the Defense Health Agency's (DHA's) fixed facility cost structure, we believe it is important to understand that not every active duty family has access to a military hospital or clinic.

Some service members, for instance those in recruiting positions, are stationed far from the nearest MTF. Others are at installations where the MTF is at capacity and family members are routinely referred to the network for most or all of their care. Still other military families are at installations with limited direct care resources. For instance, when the Army reactivated the 10<sup>th</sup> Mountain Division at Fort Drum, Army leaders decided to take advantage of excess capacity in local hospitals rather than building an inpatient facility on post to serve 10<sup>th</sup> Mountain military personnel and their families. As a result, nearly 20,000 Fort Drum family members receive most of their specialty care from civilian providers because the post clinic only offers basic services. Because there is no hospital on post, Samaritan Hospital of nearby Watertown, NY, provides 90 percent of the post's inpatient care needs.<sup>5</sup> With the Consolidated TRICARE proposal, Fort Drum families will face cost shares for much of their health care, not because they have chosen civilian providers, but because they do not have the option of seeking care at an MTF.

DHA has characterized the proposed cost shares as modest. However, the relatively low "per family" dollar impact the DHA presents<sup>6</sup> is an average assuming cost shares are spread evenly across the beneficiary population. In reality, costs shares will be borne disproportionately by families without MTF access, those who need specialty care, and those with special needs family members. We fear that, for these families, co-pays will become a barrier to accessing necessary medical care.

While cost shares will disproportionately impact all families without MTF access, junior enlisted families will be particularly vulnerable. With their relatively lower incomes, cost shares ranging from \$10 to \$50 per visit (see chart above) will necessarily have a greater impact on their family budgets. Junior enlisted families without access to an MTF may not be able to absorb co-pays for every medical appointment. We are concerned they may elect to forego medical care to avoid the out of pocket costs.

We are pleased DoD has listened to requests for protections of benefits for those who have been medically retired and surviving spouses. Keeping their health care fees at the same level as active duty family members reflects their extraordinary sacrifice and service.

Due to their greater requirements for specialty care, the Consolidated TRICARE Health Plan will have a pronounced effect on special needs families. Many special needs families require medical care that is not typically delivered at MTFs. While special needs families enrolled in TRICARE Prime can now seek specialty care in the network at no cost, the new proposal will result in cost shares for each network appointment. Given the number of specialty appointments many of these families require, we fully expect their expenses to reach the catastrophic cap: \$1,500 for network care, \$2,500 for combined network/out-of-network care. The \$1,500 cap for network care is \$500 above the current cap for active duty military families, thus they will have to spend more for health care before DoD will pick up additional costs. This will have a significant impact on the purchasing power of special needs families.

**Our Association finds the behavioral health care co-pays in the Consolidated TRICARE Health Plan absolutely unacceptable.** Network behavioral health appointments are treated the same as any other specialty care with co-pays of \$20-25 per visit. Because of the heavy demand by service members in the MTF, more families have no choice but to seek care in the network. With co-pays of \$20-25 per

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<sup>5</sup> Defense Communities 360: Community Network Provides Inpatient, Specialty Care for Fort Drum Personnel, January 29, 2014  
<http://www.defensecommunities.org/headlines/community-network-provides-inpatient-specialty-care-for-ft-drum-personnel/#>

<sup>6</sup> United States Department of Defense Fiscal Year 2015 Budget Request Overview, March 2014, Office of the Under Secretary of Defense

appointment, we fear this will have a devastating effect on military families' ability AND willingness to seek behavioral health care.

Recognizing that 13 years of war has taken a toll on our community, TRICARE has made improvements in facilitating access to behavioral health care for military family members. Currently, TRICARE beneficiaries do not need referral or prior authorization for the first eight outpatient behavioral health care visits per fiscal year.<sup>7</sup> This has allowed military family members to more easily access critical mental health resources. TRICARE Prime family members currently incur no costs for behavioral health care whether they access it at an MTF or in the network.

***Our Association believes it is imperative that behavioral health care, whether it is delivered in the Military Treatment Facility (MTF) or in the network, continues with no out of pocket costs for active duty military families.***

The Consolidated TRICARE Health Plan is designed to increase demand for MTF health care. We are concerned about how this increased demand will be managed. How will active duty families be prioritized within the MTF? Will they face longer waits for appointments? Will acute care be available when needed? We fear military families' access to care will be hampered by the increased demands placed on the MTFs.

In addition to the concerns outlined above, our Association has many unanswered questions about the proposed TRICARE Consolidated Health Plan and its potential impact on military families, including:

- What modifications will be needed to the current TRICARE Managed Care Support Contracts to implement these changes? Will there be changes in requirements for the contractors to build and maintain networks and to keep accurate listings of which providers are in the network?
- What resources will remain in place for the management of complex illnesses or conditions where coordinated care is needed? Where will that responsibility reside, with the MTF or the TRICARE contractor?
- Will military retirees and their family members with Other Health Insurance (OHI) who wish to use TRICARE as a second payer be required to pay the same participation fee as those who want to keep TRICARE as their primary insurance?
- Will there be changes in how network maternity care will be reimbursed? Maternity is generally a bundled benefit with different cost sharing. For example, instead of paying a co-pay for each doctor's visit, the doctor accepts a flat amount, regardless of the number of visits and the mom pays a percentage of the fee. Also, maternity hospitalization has a different rate for mom and then for baby, generally less than traditional hospitalization. How will this be handled?
- What will be the cost to the Services/MTFs to create systems to process co-payments by retirees and their families?
- How much savings will the Consolidated TRICARE Health Plan provide to DoD?

The National Military Family Association strongly asserts that any discussion of military health care, especially its costs, must make a distinction between the health care readiness needs of service members versus the earned health care benefit provided to family members, retirees, and survivors. Ensuring the physical and mental health of service members so they can perform their mission is a readiness cost and not part of the compensation package.

Likewise, the health care costs associated with wartime operations or the care of wounded, ill, and injured service members should not be included as part of the cost of providing a health care benefit to the children, spouses, and surviving family members of service members and retirees. Our Association believes DoD, in its statements about the rising costs of the military health care benefit, has not effectively differentiated health care readiness costs from the costs of providing the earned health care

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<sup>7</sup> TRICARE Behavioral Health Care Resources Fact Sheet

benefit. This failure, we believe, puts both the readiness function and access to care for family members and retirees at risk.

The military health care system—because of its dual readiness and benefit provision missions—does not function like civilian plans. The TRICARE benefit includes both direct care provided by MTFs as well as coverage that enables military families to access health care within the civilian community.

Access to care is also impacted by TRICARE's reimbursement policies. We believe TRICARE's reimbursement policies should be comparable to commercial and other government plans. They should align with current standards of medical care. Furthermore, they should be flexible enough to accommodate changes in medical technologies and treatment protocols.

Ensure families of all seven Uniformed Services have timely access to high quality, affordable health care and a robust TRICARE benefit including preventive health care services.

**Affordable and timely access to health care is important to all families, but it is vital for military families. Repeated deployments, caring for the wounded, ill, and injured, the stress and uncertainty of military life, and the ability to maintain family readiness, demand quality, and readily available health care. A robust and reliable health care benefit allows families to focus on managing the many challenges associated with military life versus worrying about how they are going to access and pay for essential health care. Any changes to the military health care benefit must recognize the unique conditions of service and the extraordinary sacrifices demanded of service members and their families.**

#### **A Holistic Approach Is Needed**

We firmly believe the Administration's FY15 budget proposal did not consider the cumulative effects of a reduced pay raise combined with lower BAH payments, loss of commissary savings, and possible out-of-pocket health care costs on the purchasing power of service members and their families. This budget proposal would reduce cash in a service member's pocket!

***We ask Congress to reject budget proposals that threaten military family financial well-being as a way to save.***

***Let the Military Compensation and Retirement Modernization Commission (MCRMC) do its job in evaluating compensation, including health care, holistically.***

#### **Keeping Military Families Ready: What do Military Families Require?**

We have addressed the immediate and long-term impacts of the proposed FY15 budget on military families. But we ask you not to forget that military families depend on a variety of programs and resources that must be sustained and, in some cases, improved.

The National Military Family Association believes our Nation's leaders should guarantee the readiness of our force by taking care of service members and their families, serving in both active and reserve components, no matter where they live. We ask you to sustain support by providing: quality, accessible health care; behavioral health support; spouse career opportunities; good schools for military children; quality, affordable child care; a secure retirement; and unwavering support for those wounded, widowed, or orphaned. We challenge Congress and the Administration to join us in seeking greater collaboration between government and community agencies to enhance support and enable military families to thrive and be ready to answer any call to duty, now and in the future.

The Department of Defense created a blueprint for the framework of family readiness in DoD Instruction (DoDI)1342.22, "Military Family Readiness".<sup>8</sup> The DoDI integrates policy for core family readiness services into a single source, including requirements for financial education and counseling, relocation

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<sup>8</sup> <http://www.dtic.mil/whs/directives/corres/pdf/134222p.pdf>

assistance, emergency family assistance, spouse employment and requirements for delivery of services to the Reserve Components. It spells out the expectation that families be empowered to enhance their own readiness, but have the ability to access a trusted network of services regardless of branch of Service, active or reserve status, or geographic location. It changes the traditional mindset of military family support, which focused on installation-based services and created the expectation that families should come to the support rather than having the support service connect with families where they are. The DoDI emphasizes the importance of creating a family readiness system in which service members, families, other government agencies, and private organizations collaborate to support troops and families. It focuses on three areas of readiness: mobilization and deployment readiness, mobility and financial readiness, and personal and family life readiness.

***Our Association believes full implementation of Department of Defense Instruction (DoDI) 1342.22 across all Services and components is essential for the readiness of both the current and future force. It sets the structure and expectations for family readiness and must be resourced appropriately.***

### **Financial Readiness**

While military families are shown to have better financial literacy rates than their civilian counterparts, their military commitments often make it difficult to grow their investments over the long term.<sup>9</sup> Frequent moves and deployments can be a barrier to home ownership or force families in and out of lease agreements. Families who invest in homes must take the risk that a PCS will force them to become a landlord or support two or more housing bills without room to wait out the burst housing bubble. Spouses have reduced earning power, yet many military families are paying on one or more student loans. Frequent moves make spouses ineligible for public service loan forgiveness programs. Every time a permanent change of station (PCS) occurs, a working military spouse, or one who would like to be employed, has to start from scratch. Lack of longevity in any one location or job position negatively affects career trajectory and earning power. Frequent moves disrupt educational goals. State licensing requirements and industry tenure restrict employment opportunities for military spouses. Military spouse unemployment or underemployment affects the total earning power of the military family.

Some elements of the military compensation package are meant to take the sting out of those losses. However, as sequestration continues and budgets are cut, military families will face more and more disadvantages compared to their civilian counterparts. We ask Congress keep in mind the fiscal restraints imposed on military families when evaluating changes to the military compensation package.

### **Quality, Affordable Child Care**

Media reports about military compensation often refer to subsidized child care as one of many “benefits” provided to military families. To our Association, this view is a mischaracterization of the role and importance of child care to the military and military families. Access to quality, affordable child care is not just a “nice-to-have” part of a benefit package. Rather, it is central to service member and family readiness.

More than 40 percent of service members have children, and the largest cohort of military children is under age five.<sup>10</sup> Service members face the same challenges as all working parents. If child care arrangements fall through or the babysitter gets sick, a parent may find himself forced to miss work. When the parent who must miss work is in the military, his or her absence may threaten the readiness of an entire unit.

Quality child care is also essential to military family financial stability. Like most families, many military families rely on having two paychecks in order to make ends meet. However, military spouses face many barriers to employment, including distance from extended family who might otherwise be available to

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<sup>9</sup> [http://www.usfinancialcapability.org/downloads/NFCS\\_2012\\_Report\\_Military\\_Findings.pdf](http://www.usfinancialcapability.org/downloads/NFCS_2012_Report_Military_Findings.pdf)

<sup>10</sup> 2012 Demographics: Profile of the Military Community

assist with child care. Quality, accessible child care is inextricably linked to spouse employment and thus to military family financial readiness.

We appreciate that Congress and the Department of Defense have recognized the importance of child care to military families and have taken steps to make quality child care both more available and more affordable. Thanks to those efforts, military families have access to a wide range of child care options to meet their needs, from on-installation Child Development Centers (CDCs) to in-home care providers.

While installation CDCs are the preferred option for many families, they are not always a viable choice, either because of long waiting lists or because the family lives far from the installation. However, particularly in high cost areas, quality child care is often unaffordable for military families. Recognizing this need, DoD established a program to provide fee assistance to families without access to on installation child care centers. This program, operated through a partnership with Child Care Aware, has proven to be popular with families and an effective means of ensuring that families can afford quality care. Because this partnership has been so successful, we are concerned about the Army's plan to begin managing its fee assistance program itself in 2014. We intend to watch closely to ensure the transition is seamless and Army families can continue to benefit from the fee assistance program.

***Ensure adequate funding for military child care programs, including child care fee assistance programs.***

### **Military Families – Maintaining Their Readiness**

We have made many recommendations in our statement today in the name of supporting the readiness of military families. Recent national fiscal challenges have left military families confused and concerned about whether the programs, resources, and benefits contributing to their strength, resilience, and readiness will remain available to support them and be flexible enough to address emerging needs. Our Association believes the Department of Defense Instruction 1342.22 must be the baseline for military family readiness. The Department of Defense must provide the level of programs and resources to meet this standard. Sequestration weakens its ability to do so.

Service members and their families have kept trust with America, through over 13 years of war, with multiple deployments and separations. We ask the Nation to keep the trust with military families and not try to balance budget shortfalls from the pockets of those who serve.

Bringing the troops home does not end our military's mission or the necessity to support military families dealing with the long-term effects of more than a decade at war. The government should ensure military families have the tools to remain ready and to provide for the readiness of their service members. But the cost of the readiness should not be borne by those service members and their families.