



T H E M I L I T A R Y C O A L I T I O N

201 North Washington Street
Alexandria, Virginia 22314
(703) 838-8113

October 12, 2012

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510

The Honorable John McCain
Ranking Member, Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman and Mr. Ranking Member:

The Military Coalition (TMC), a consortium of uniformed services and veterans associations representing more than 5.5 million current and former servicemembers and their families and survivors, thanks you and the Armed Services Committee for your efforts to protect the interests of servicemembers in the FY2013 National Defense Authorization Bill.

We are particularly grateful to both chambers for their support of a 1.7% uniformed services pay raise that keeps pace with private sector pay growth and additional initiatives to help prevent growing numbers of sexual assault and hazing instances within the armed forces.

With a very compressed schedule awaiting Congress following the upcoming election, the Coalition is offering our collective recommendations in anticipation of a fast-moving Senate debate and subsequent conference on the defense authorization bill.

The attached matrix highlights Coalition recommendations concerning several differences between the House-passed bill (H.R. 4310) and Senate Armed Services Committee-passed bill (S. 3254). Several of these priorities merit special mention:

Pharmacy Co-pays and Fees

The Coalition most strongly urges conferees to adopt House-passed provisions (sections 717 and 718) that would moderate pharmacy copay increases for FY2013, cap future copay increases at the percentage growth in military retired pay, and offset the cost of containing copay increases by requiring Tricare-for-Life beneficiaries to use TRICARE’s mail-order system for maintenance medication refills for at least one year. **CBO agrees the combination of these two provisions would save at least as much money as the Senate bill. From beneficiaries’ standpoint, broad-based survey results indicate more than 97% of beneficiaries of every age, income and pharmacy-usage category strongly prefer the House-passed plan.** Even among those who have expressed dissatisfaction with the mail-order system, nearly 70% would rather use it than incur the far higher immediate and future copays the Senate bill would allow. Finally, TMC

observes that Defense leaders' claims that higher copays are essential to offset dramatically rising costs ring hollow when their reprogramming requests show costs actually declined this year, and expenses have been nearly \$3 billion less than expected over the last three years.

Military Compensation and Retirement Modernization Commission

The Senate Armed Services Committee-passed bill contains provisions (Sections 1604-1614) that would require a "BRAC-like" commission on military retirement and compensation. **TMC objects strenuously to short-circuiting the normal legislative process by imposing BRAC-like consideration rules on an issue that has proven so crucial to long-term retention and readiness.** TMC endorses the concerns on this issue expressed by the House Armed Services Committee on pp. 170-171 of the Committee report on H.R. 4310.

Restricting changes to future entrants is no protection against adverse retention effects. REDUX retirement changes enacted in 1986 for subsequent entrants had to be repealed a decade later after the changes undermined retention, and recent retirement studies have proposed far more severe cuts than REDUX did. The military retirement system is so important to long-term retention and readiness that any changes must be subject to normal Armed Services Committee review and normal congressional debate and amendment processes. Well-founded recommendations should be able to stand up to such reasonable scrutiny.

In addition, TMC has concerns about SASC-proposed restrictions on appointment of commissioners. TMC believes appointment of any commissioners should be shared between Administration and congressional leaders to help ensure objectivity. TMC also opposes the restriction on appointment of any commissioner employed or recently employed by a veterans or military service organization. Past studies have proven that the greatest danger on such commissions is a lack of diversity of opinion and failure to consider the perspectives of career servicemembers and their families.

Acknowledgement of Military Health Care Premiums

The Coalition strongly urges the conferees to retain section 701 of the House-passed bill expressing the "Sense of Congress" recognizing that the unique and extraordinary demands inherent in a multi-decade service career constitute a very large pre-paid premium for their career health benefits – over and above the cash fees paid in retirement. The Coalition believes this is essential to explain expressly why military beneficiaries' cash fees cannot be compared to civilian healthcare fee schedules.

End Strength

The Coalition remains concerned over the possibility of an accelerated drawdown of our armed forces driven by budget considerations rather than requirements, especially since the Nation remains at war, and the Services have yet to meet their stated dwell time goals. Therefore, TMC supports the House-passed provision (section 403) that places limits on annual reductions to Army and Marine Corps end strength. The Coalition also remains concerned with ongoing end strength cuts to the US Navy Reserve.

Military Consumer Protections

The Coalition supports the Senate-passed consumer credit protection enhancements (sections 651-654) for servicemembers and family members. The provision will help strengthen the Military Lending Act, eliminates definitional loopholes exploited by some predatory lenders, and ultimately provides greater protections for servicemembers and their families.

ABA Therapy as a TRICARE Benefit

The Coalition concurs with the principle of Section 704 of the House bill that Applied Behavior Analysis therapy should be a TRICARE-covered benefit. However, the Coalition asserts strongly that all TRICARE benefits must apply equally to all seven uniformed services. As written, Section 704 would exclude coverage for Coast Guard, Public Health Service, and NOAA families. That omission should be corrected by the conferees. The Coalition also believes ABA therapy should be available to family members with diagnoses other than autism for whom this treatment is therapeutic.

Unaddressed Needs

The Coalition remains concerned that many important amendments to the Senate bill have yet to be considered, including:

- **Survivor Benefit Plan** – Sen. Bill Nelson intends to offer an amendment that would end deduction of Dependency and Indemnity Compensation (DIC) from SBP annuities when the member's death is service-connected. Congressional leaders have repeatedly cited fixing this "widow's tax" as a top priority, and more aggressive action is essential to comport with that commitment.
- **Concurrent Receipt** – Majority Leader Reid intends to offer an amendment would correct an inadvertent anomaly in the statutory Combat-Related Special Compensation (CRSC) language that incongruously reduces CRSC payments to many combat-disabled retirees when their VA disability rating is increased. Another amendment would phase out the disability offset for servicemembers whose careers were cut short due to forced medical retirement for a service-caused disability.

Thank you for the opportunity to provide the Coalition's views on these important issues.

Sincerely,

The Military Coalition
(Signatures enclosed)

[Attachment: TMC Recommendations on House/Senate Differences](#)

Cc: Armed Services Committee Members

Air Force Association
Air Force Sergeants Association
Air Force Women Officers Associated
AMVETS (American Veterans)
Army Aviation Association of America
Association of Military Surgeons of the United States
Association of the United States Army
Association of the United States Navy
Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
Commissioned Officers Association of the U.S. Public Health Service, Inc.
Enlisted Association of the National Guard of the United States
Fleet Reserve Association
Gold Star Wives
Iraq & Afghanistan Veterans of America
Jewish War Veterans of the United States of America
Marine Corps League
Marine Corps Reserve Association
Military Officers Association of America
Military Order of the Purple Heart
National Association for Uniformed Services
National Guard Association of the United States
National Military Family Association
Naval Enlisted Reserve Association
Non Commissioned Officers Association
Reserve Enlisted Association of the United States
Reserve Officers Association
Society of Medical Consultants to the Armed Forces
The Military Chaplains Association of the United States of America
The Retired Enlisted Association
United States Army Warrant Officers Association
United States Coast Guard Chief Petty Officers Association
Veterans of Foreign Wars of the United States
Wounded Warrior Project



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The Honorable Howard “Buck” McKeon
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Adam Smith
Ranking Member, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

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Iraq & Afghanistan Veterans of America
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Marine Corps League
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Military Order of the Purple Heart
National Association for Uniformed Services
National Guard Association of the United States
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