

Military Health System Transforming to Address New Challenges

By Samantha L. Quigley - American Forces Press Service

The military health system has essentially doubled in size in the past five years from about \$19 billion in 2001 to \$38 billion this year, he said. Officials estimate expenditures could reach \$64 billion by 2015.

The expansion of Tricare, high health inflation, the reduction in beneficiary cost shares, and sharp increase of usage by our retirees under 65 is responsible for this growth.

Beneficiaries paid 27 percent of total health costs in 1995. Today they pay only 12 percent. The DoD proposes to bring this into better balance by increasing cost sharing for retirees under 65. After a two-year transition, beginning in fiscal 2009, these premium and co-pay increases would match the average percentage increase of the Federal Employees Health Benefit Program. Additional proposed changes to pharmacy co-payments for all beneficiaries except active-duty members would encourage use of mail order and military treatment facility pharmacy refills and generic products.

DoD expects to save about \$735 million in fiscal 2007, if both premium and deductible changes as well as pharmacy program adjustments are implemented. Between fiscal 2007 and 2011, expected savings total \$11.2 billion.

New healthcare contracts use best-practice principles to enhance quality of care, emphasize patient safety, improve beneficiary satisfaction, and control private-sector costs. However, Congress-imposed restrictions on funding adversely affect military treatment facilities as well as private-sector care.

DoD's medical health system also is revamping its infrastructure. Medical centers in the national capital area and San Antonio will be consolidated. Other areas will see significant enhancements.

Looking to the future, DoD will adapt to new challenges by building on today's achievements. The transformation process is designed to provide the armed forces with world-class operational-medicine capabilities while delivering the outstanding Tricare benefit to our beneficiaries.

NOTE: View the original version of this web page on DefenseLINK, the official website of the U.S. Department of Defense, at http://www.defenselink.mil/news/Mar2006/20060330_4663.html

Biography:

David S. C. Chu [http://www.defenselink.mil/bios/chu_bio.html]

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