

Overview – FY 2013 Defense Budget

Table 1 – TRICARE Prime Annual Family Enrollment Fees (Individual Fees = 50%)

<u>Retired Pay</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016*</u>	<u>FY 2017</u>
Tier 1: \$0 – \$22,589	\$460/\$520	\$600	\$680	\$760	\$850	\$893
Tier 2: \$22,590 – \$45,178	\$460/\$520	\$720	\$920	\$1,185	\$1,450	\$1,523
Tier 3: \$45,179 & above	\$460/\$520	\$820	\$1,120	\$1,535	\$1,950	\$2,048

* Indexed to medical inflation (National Health Expenditures) after FY 2016

TRICARE Standard and Extra for Working Age Retirees (under Age 65)

The **TRICARE Standard and Extra** (fee-for-service type) benefit programs currently have no enrollment fees and modest annual deductibles of \$150 per individual and \$300 per family. For FY 2013, the Department proposal will seek to implement an annual enrollment fee and increase deductibles. These increases displayed in Table 2 will be phased-in over a 5 year period and will then be indexed to increases in NHE.

Table 2 – TRICARE Standard/Extra Fees/Deductibles

<u>Annual Enrollment Fees</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017*</u>
Individual	\$0	\$70	\$85	\$100	\$115	\$130
Family	\$0	\$140	\$170	\$200	\$230	\$250
<u>Annual Deductibles</u>						
Individual	\$150	\$160	\$200	\$230	\$260	\$290
Family	\$300	\$320	\$400	\$460	\$520	\$580

* Indexed to medical inflation (National Health Expenditures) after FY 2017

TRICARE-for-Life Benefit (TFL) Benefit Program for Retirees age 65 and Older

Like almost all Americans, upon reaching age 65, TRICARE beneficiaries must enroll in Medicare and begin paying Medicare Part B (outpatient care coverage) premiums. With Part B coverage, Medicare typically covers only 80 percent of normal health care costs and most people choose to be covered by “Medigap” or employer-sponsored retiree health insurance to cover the additional costs as well as providing some prescription drug coverage. Enacted in 2001, the TFL program acts as a second payer plan for TRICARE beneficiaries covering the costs not paid by Medicare. While the average “Medigap” plan with comparable coverage carried premiums \$2,100 per individual in 2009, there are currently no annual fees for TFL coverage. As part of the FY 2013, President’s Budget, the Department is proposing to implement modest annual fees for TFL coverage. These fees will be phased in over a 4-year period and use the same tiering based on the beneficiary’s retired pay along with the same indexing and exemptions as the proposed TRICARE Prime fees. Table 3 displays the proposed TFL fees by fiscal year for the three tiers of retired pay.

Table 3 – TRICARE-for-Life Annual Enrollment Fees – Per Individual

<u>Retired Pay</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016*</u>	<u>FY 2017</u>
Tier 1: \$0 – \$22,589	\$0	\$35	\$75	\$115	\$150	\$158
Tier 2: \$22,590 – \$45,178	\$0	\$75	\$150	\$225	\$300	\$317
Tier 3: \$45,179 & above	\$0	\$115	\$225	\$335	\$450	\$475

* Indexed to medical inflation (National Health Expenditures) after FY 2016

Pharmacy Co-Pays

This proposal will adjust pharmacy co-pay structure for retirees and active duty family members to incentivize the use of mail order and generic drugs. Prescriptions will continue to be filled at no cost to beneficiaries at Military Treatment Facilities (MTFs). No fees would continue to apply to prescriptions for active duty service members. Table 4 displays the proposed co-pays for prescriptions filled through the TRICARE retail and mail order pharmacy programs.

Table 4 – Pharmacy Co-Pays

<u>Retail – 1 month fill</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Generic	\$5	\$5	\$6	\$7	\$8	\$9
Brand	\$12	\$26	\$28	\$30	\$32	\$34
Non-Formulary*	\$25	N/A	N/A	N/A	N/A	N/A
<u>Mail-Order – 3 month fill</u>						
Generic	\$0	\$0	\$0	\$0	\$0	\$9
Brand	\$9	\$26	\$28	\$30	\$32	\$34
Non-Formulary	\$25	\$51	\$54	\$58	\$62	\$66
Military Treatment Facilities	No Change – Still \$0 Co-Pay					

* Non-Formulary pharmaceuticals will have limited availability in retail pharmacies