



Statement of

The Fleet Reserve Association

On

The Recommendations of the

Military Compensation and

Retirement Modernization Commission

That Impact Health Care

Submitted to:

Senate Armed Services Committee

Personnel Subcommittee

By

Thomas J. Snee, M. Ed,
FRA National Executive Director
FORCM (SW), USN, (Ret)
February 25, 2015

The FRA

The Fleet Reserve Association (FRA) celebrated 90 years of service last November 11, and is the oldest and largest enlisted organization serving active duty, Reserves, retired and veterans of the Navy, Marine Corps, and Coast Guard. FRA is Congressionally Chartered, recognized by the Department of Veterans Affairs (VA) as an accrediting Veteran Service Organization (VSO) for claim representation, and is entrusted to serve all veterans who seek its help. In 2007, FRA was selected for full membership on the National Veterans' Day Committee.

FRA was established in 1924 and its name was derived from the Navy's and Marine Corps program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of active duty, but less than 30 years for retirement purposes. During the required period of service in the Fleet Reserve, assigned personnel earn retainer pay and are subject to recall by the Navy.

FRA's mission is to act as the premier "watch dog" group in maintaining and improving the quality of life for Sea Service personnel and their families. FRA is a leading advocate on Capitol Hill for enlisted active duty, Reserve, retired and veterans of the Sea Services. The Association also sponsors a National Americanism Essay Program and other recognition and relief programs. In addition, the FRA Education Foundation oversees the Association's scholarship program that presents awards totaling nearly \$123,000 to deserving students each year.

The Association is also a founding member of The Military Coalition (TMC), a 32-member consortium of military and veteran's organizations. FRA hosts most TMC meetings and members of its staff serve in a number of TMC leadership roles.

For nine decades, dedication to its members has resulted in legislation enhancing quality of life programs for Sea Services personnel, other members of the uniformed services plus their families and survivors, while protecting their rights and privileges. CHAMPUS, (now TRICARE Standard) was an initiative of FRA, as was the Uniformed Services Survivor Benefit Plan (USSBP). More recently, FRA led the way in reforming the REDUX Retirement Plan, obtaining targeted pay increases for mid-level enlisted personnel, and sea pay for junior enlisted sailors. FRA also played a leading role in advocating recently enacted predatory lending protections and absentee voting reform for service members and their dependents.

FRA's motto is: "Loyalty, Protection, and Service."

Certification of Non-Receipt Of Federal Funds

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

Introduction

Mr. Chairman, FRA salutes you, the Ranking Member and all members of the Subcommittee, and your staff for the strong and unwavering support of programs essential to active duty, Reserve Component, and retired members of the uniformed services, their families, and survivors. The Subcommittee's work has greatly enhanced support for our wounded warriors and significantly improved military pay, and other benefits and enhanced other personnel, retirement and survivor programs. This support is critical in maintaining readiness and is invaluable to our uniformed services engaged throughout the world fighting to stop terrorism generated by Islamic extremism, sustaining other operational requirements and fulfilling commitments to those who have served in the past. The Association wants to thank the Subcommittee for the opportunity to express its views on the Commission's recommendations related to health care.

Background

The FY 2013 National Defense Authorization Act (H.R. 4310 – P.L. 112-239) establishes the Military Compensation and Retirement Modernization Commission (MCRMC), but limits its recommendations from being a BRAC-like endorsement, as originally proposed, in its review of the current compensation and military retirement system. FRA believes it's important that this distinguished Subcommittee and its House counterpart maintain oversight over commission recommendations. While FRA supports many of the Commission's recommendations, it was noted that no enlisted personnel were appointed to serve on the Commission. More than 75 percent of the current active force is enlisted and therefore should have representation on this Commission.

The commission was instructed not to alter the current retirement system for those already serving, retired or in the process of retiring. Along with a review of military compensation, the president asked that the commission look at the "interrelationship of the military's current promotion system."

The driving-force for creating the MCRMC has been the myth that "personnel costs are eating us alive" and that personnel costs are "unsustainable."

Of historical note, in 1986 Congress passed, over the objection of then Secretary of Defense Casper Wienberger, major retirement changes, known as "Redux," that significantly reduced retirement compensation for those joining the military after 1986. FRA led efforts to repeal the act in 1999 after the military experienced retention and recruitment problems. The Association continues to monitor the take rate for personnel choosing to remain on the High 3 program, or the Redux program at 15-years of service.

The Commission believes that it can make drastic changes to pay, retirement, and other benefits and assumes it will have no impact on retention, recruitment, and readiness. Past experiences with substantial benefit changes indicate otherwise. Rhetoric about “unsustainable” personnel costs since 2000 is misleading. Improvements since 2000 to personnel programs were needed to offset pay and benefit cutbacks of the late 1980s and the 1990s that undermined retention and recruitment.

FRA wants to thank the members of the Commission and their staff for allowing FRA to have input while the report was being written. The Commission met with 97 other advocacy and visited 55 military installations, received more than 150,000 survey responses from active duty and retirees. In addition, the Commission held eight Town Hall meetings to further understand the complexity of the military compensation and retirement systems.

Defense out of Sequestration

Before commenting on MCRMC health care recommendations, FRA wants to note with growing concern the impact of sequestration. Budget cuts mandated by the Budget Control Act of 2011 pose a threat to national security and will substantially impact member pay and benefits. These automatic cuts, known as Sequestration, require that 50 percent come from Defense, even though Defense only makes up 17 percent of the federal budget. These cuts were intended to be so punitive that Congress and the Administration would be forced to work together to find reasonable alternatives. Unfortunately, this has not occurred and Congress along with the White House have been unable to come to a long term agreement on the budget without sequestration cuts. Unless current law is changed, the DoD will have to cut an additional \$38 Billion in FY 2016 and some \$269 billion over the following five fiscal years.

The DoD budget was already scheduled to be cut by \$487 billion over a 10-year period BEFORE the enactment of sequestration, which will cut an additional \$500 billion in the defense spending if fully implemented. The Bipartisan Budget Act of 2013 mitigated the spending cuts for FY 2014 and 2015. However, the original sequestration cuts for FY 2016 thru 2021 remain in effect-continuing to place national security at risk.

Secretary of Defense (SecDef) Chuck Hagel has warned that future sequestration budget cuts will create a “hollow force.” The Services have already canceled deployment of ships, slashed flying hours, renegotiated critical procurement contracts, temporarily furloughed civilian employees, and are in the process of reducing force structure, giving America the smallest military force since before World War II. If sequestration is not ended, additional force reductions will likely go deeper and training and modernization levels will be further impacted.

MCRMC Final Report

The report makes 15 major recommendations intended to improve the cost-effectiveness of quality benefits for those who currently serve, have served and will serve in the future. Five of the 15 recommendations (#3, 5, 6, 7, and 8) pertain to health care and will be the main focus of this testimony.

FRA strongly supports recommendation 3 that promotes financial literacy and believes it should include educational information on health care in conjunction with recommendation 6, which will provide beneficiaries with choices offered by commercial insurance companies. Any enhanced program should also include the spouses.

The Association was in the forefront of supporting the enactment of the Military Lenders Act (MLA) in 2006 and supported the creation of the Office of Military Liaison within the Consumer Financial Protection Bureau (CFPB) when the Bureau's enabling legislation was enacted in 2010. FRA continues its work to ensure active duty personnel are protected from predatory lenders, and urges this subcommittee to ensure that the MLA is effectively administered. The Association applauds recent efforts by the Consumer Finance Protection Bureau (CFPB) to regulate predatory lenders through enforcement of the MLA. FRA supports a more robust Personal Financial Management (PFM) training that should include education on health insurance. Furthermore such an invigorated plan should include training for the spouse.

FRA supports recommendation 5, but is unsure if this can be effectively implemented. The intent of this recommendation is to ensure medical combat readiness. FRA supports the establishment of a Joint Medical Command to reduce duplication of services for each service branch and ensure inter-service consistency of policy and budget oversight.

Recommendation 6 impacts current active duty, the Reserve Component, and retirees under age 65, which calls on Congress to replace the current health care arrangement with a new system that provides beneficiaries with choices offered by commercial insurance companies. The Commission found that TRICARE is no longer fiscally sustainable. At this time **FRA does not support or oppose this recommendation**; but believes that such vast and dramatic change to the health care benefit requires additional review.

Beneficiaries would be switched to a plan similar to the Federal Employee Health Benefit Program (FEHBP), except that Military Treatment Facilities (MTF) would be included in the network. Like the FEHBP beneficiaries could choose from a selection of commercial insurance plans. The plan would be administered by the Office of Personnel Management (OPM) rather than the Defense Department (DoD). Beneficiaries would be required to pay 20 percent of all health care costs. Beneficiary family members would not be covered under the plan and would be provided a Basic Allowance for Health Care (BAHC) to cover the cost of premiums and deductibles for an average health care plan. Reserve Component (RC) members who are mobilized would also receive a BAHC in lieu of TRICARE coverage.

Although there are similarities between the BAHC and the Base Allowance for Housing (BAH), the big difference between the two is that housing costs are predictable but health care costs are not.

Shifting costs to retirees under age 65 is a serious concern for FRA. The Association believes that this shift devalues 20 or more years of arduous military service that earned the retiree an offset in healthcare premiums during retirement. FRA advocates that other options to make TRICARE more cost-efficient should be implemented first as alternatives to shifting costs to TRICARE beneficiaries.

FRA is also concerned about the timely access to care. The MCRMC report notes that TRICARE Prime beneficiaries in some locations that half the referrals for purchased care network waited longer than the 28-day standard for purchased care network. Even in locations with the highest access to care, 16 percent of referrals still do not get appointments within the 28-day standard. Perhaps a pilot program in a limited geographic location not currently served by TRICARE Prime could demonstrate the efficiency of the plan.

The Association supports recommendation 7 that seeks to improve support for service members with special dependents. These improvements to the Extended Care Health Option (ECHO) include expanded respite care hours, and consumer directed care. FRA wants to make sure that U.S. Coast Guard personnel are also covered by this program. FRA represents the Sea Services and wants to ensure that the Coast Guard benefits have parity with DoD benefits.

FRA welcomes recommendation 8 that attempts to improve collaboration between DoD and the Department of Veterans Affairs (VA). FRA supports a joint electronic health record that will help ensure a seamless transition from DoD to VA for wounded warriors, and establishment and operation of the Wounded Warriors Resource Center as a single point of contact for service members, their family members, and primary care givers. The Association is concerned about shifting of departmental oversight from the Senior Oversight Committee (SOC) comprised of the DoD and VA secretaries per provisions of the FY 2009 National Defense Authorization Act (NDAA), to the more lower echelon Joint Executive Council (JEC). This change is perceived by many as diminishing the importance of improving significant challenges faced by service members – particularly wounded warriors and their families – in transitioning from DoD to the VA. The recommendation to provide additional authority to the Joint Executive Committee (JEC) is a step in the right direction.

Under a broader improved collaboration it should be noted that Medicare is not authorized to reimburse VA hospitals for care provided to Medicare eligible veterans. This results in veterans being forced to decide between receiving medical care through the VA, or using Medicare at a non-VA facility and foregoing the personalized care of a VA hospital. The majority of veterans pay into Medicare for most of their lives, yet the law prohibits them from benefitting from this via care at VA facilities later in life.

Conclusion

FRA is grateful for the opportunity to provide comments on these recommendations to this distinguished Subcommittee.

####

**Thomas J. Snee, M.Ed,
FORCM(SW), USN, (Ret)**

Thomas J. (Tom) Snee is the Twelfth National Executive Director (NED) for the Fleet Reserve Association (FRA), in Alexandria, VA. In his scope of responsibility, he serves over 60,000 Shipmates and family members; is the managing officer of the National Headquarters with authority to endorse standing rules and regulations approved by its National Board of Directors. He also serves as the Chairman for Legislative Services.

Snee was born in Cleveland, Ohio and grew up in nearby Willoughby. He graduated from Willoughby South High School in June 1965 and enlisted in the United States Navy having attended Recruit Training (boot-camp) at Great Lakes, IL. He initially served as a Yeoman, but in 1973 changed his rating to Navy Counselor. Tom retired in September of 1996 as Force Master Chief, Navy Recruiting Command, in Arlington, VA. As a Master Chief Navy Counselor (Surface Warfare) he served in many leadership and managerial positions both on ships, staffs, and shore commands. He served as Director of Training and Education for Instructors, Career Development/Counseling and Recruiting developing curricular plans and procedures for students on afloat, shore, and staff development. He is a graduate of the Navy's Senior Enlisted Academy, (Class 009, KHAKI Group), Naval War College, Newport, RI.

Following his Navy retirement, Snee worked at the FRA Headquarters as Veterans Service Officer and Membership/Branch Development. After three years, Snee switched careers becoming a Middle School Teacher for the Arlington VA Catholic Schools. His educational leadership and management responsibilities were furthered facilitated as a Middle School Lead Teacher, for student, curriculum development, analytical/course assessments and development, high school placements, and school accreditation. Mr. Snee taught Social Studies (American History, Civics, Geography, and Economics) and Religion classes, in Falls Church, and Springfield, VA, spanning over a 13 year teaching career until his retirement in June 2013.

Mr. Snee holds a M.Ed in Educational Leadership from George Mason University, Fairfax VA; BS in Liberal Arts/Psychology, Excelsior College, Albany, NY; and AS in Liberal Arts, Mohegan Community College, Norwich, CT. Mr. Snee has been a mentor for the "Leadership in the New Generations Ethics for Middle School Students", at George Mason University; currently serves on the Board of Educators at Mt. Vernon and Gunston Hall Associations, (historical sites), Alexandria, VA; on the Board of Directors, for the United States Navy Memorial, Ex-Officio; and as "Ambassador" for Excelsior College, Albany, NY.

Mr. Snee's memberships include the Knights of Columbus, Surface Navy Association, Fleet Reserve Association, Boy Scouts of America and the National Eagle Scout Association (NESA). His recognitions have been with: Covington WHO's WHO; Strathmore WHO's WHO Worldwide, Leadership/Achievement in Industry and Profession, 2013; WHO's WHO for: Executives- 2013; American Teachers- 2006; and Business Professionals-1997. Teacher of the Year, 2010-2011; Distinguish Alumni Hall of Fame, Willoughby-Eastlake Schools, Ohio.

Mr. Snee is married to the former Karen A. Habina of Willoughby, OH who works in Branch Operations, Navy Federal Credit Union, in Vienna, VA. The Snee's have four children; Janet M. Basselgia, teacher, Burke, VA; Denise J. McCready, teacher, Kittery, ME; Commander David T. Snee, U. S. Navy, OPNAV, N9I, Naval Integrated Fire Control – Counter Air Lead; and Timothy F. Snee, Manager FEDEX/KINKOs, Fairfax, VA. They also have five grandchildren and reside in Burke, VA.