



Department of Defense-Medicare Eligible Retiree Health Care Fund

The Department of Defense Medicare-Eligible Retiree Health Care Fund (MERHCF) pays for the care of Medicare-eligible retirees of the armed forces and their Medicare-eligible survivors and dependents. Among the MERHCF's benefits is TRICARE for Life (TFL), which usually pays all of a beneficiary's out-of-pocket costs for physician and hospital services covered under Medicare. (Beneficiaries must enroll in Medicare's Part B, Medical Insurance.) With copayments, TFL participants also can purchase prescription drugs through retail pharmacies or through a national mail order pharmacy. In addition, the MERHCF reimburses Department of Defense hospitals and clinics for goods or services provided to its beneficiaries.

The MERHCF also pays a fee for each beneficiary who forgoes TFL and instead enrolls in the Uniformed Services Family Health Plan (USFHP), an association of six health maintenance organizations available only at selected locations. The costs per person to the MERHCF for those enrollees are greater than for TFL beneficiaries because USFHP pays the full cost of care provided to its enrollees, whereas TFL pays only the portion of allowable charges that are not paid for by Medicare or another form of health insurance.

Department of Defense Medicare-Eligible Retiree Health Care Fund

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2026-2030	2026-2035
BUDGET INFORMATION													
Millions of dollars, by fiscal year													
Estimated Outlays From the MERHCF	12,796	13,423	14,091	14,750	15,388	16,052	16,751	17,415	18,107	18,787	19,458	73,704	164,222
Components of the MERHCF													
TRICARE for Life	11,923	12,530	13,183	13,830	14,456	15,108	15,797	16,454	17,140	17,817	18,512	69,107	154,827
USFHP	873	893	908	920	932	944	954	961	967	970	946	4,597	9,395
PARTICIPATION AND BENEFIT INFORMATION													
By fiscal year													
Average Annual Beneficiaries (Thousands of people)													
TRICARE for Life ^a	2,465	2,482	2,488	2,494	2,502	2,504	2,501	2,492	2,481	2,469	2,459	n.a.	n.a.
USFHP ^b	45	44	43	42	41	40	38	37	35	34	32	n.a.	n.a.
Cost Per Beneficiary (Dollars)													
TRICARE for Life													
Purchased care													
Inpatient/outpatient	1,879	1,968	2,073	2,164	2,264	2,386	2,508	2,639	2,776	2,908	3,042	n.a.	n.a.
Pharmacy	2,016	2,097	2,208	2,286	2,372	2,451	2,556	2,649	2,754	2,862	2,972	n.a.	n.a.
Military treatment facilities													
Inpatient/outpatient	676	701	731	761	793	831	871	914	960	1,007	1,055	n.a.	n.a.
Pharmacy	<u>291</u>	<u>310</u>	<u>326</u>	<u>341</u>	<u>356</u>	<u>373</u>	<u>390</u>	<u>409</u>	<u>428</u>	<u>447</u>	<u>467</u>	n.a.	n.a.
Total TRICARE for Life	4,862	5,076	5,338	5,552	5,785	6,041	6,325	6,611	6,918	7,224	7,536	n.a.	n.a.
USFHP ^c	19,405	20,288	21,119	21,914	22,740	23,600	25,096	25,979	27,622	28,537	29,553	n.a.	n.a.

MERHCF = Department of Defense Medicare-Eligible Retiree Health Care Fund; USFHP = Uniformed Services Family Health Plan; n.a. = not applicable.

- TRICARE for Life (TFL) beneficiaries include all military retirees, survivors, and their dependents who are eligible for benefits from the MERHCF unless they are enrolled in USFHP. For those enrolled in Medicare Part B, benefits include the TFL Medicare wrap-around benefit, pharmacy benefits, and any care provided to those beneficiaries at military treatment facilities. TFL beneficiaries shown in this table also include those non-USFHP beneficiaries who are ineligible to use TFL because they are not enrolled in Medicare Part B but are still eligible for some benefits from the MERHCF, such as direct care at military treatment facilities. CBO estimates that about 90 percent of beneficiaries who are eligible for TFL use the benefit.
- The beneficiary projections for USFHP include CBO's projection of Medicare-eligible beneficiaries enrolled in that program and exclude beneficiaries enrolled in USFHP who are not Medicare eligible. Costs for those beneficiaries are not paid from the MERHCF. The enrollment of Medicare-eligible beneficiaries in USFHP is declining over time because the National Defense Authorization Act for Fiscal Year 2012 limits future enrollment of Medicare-eligible beneficiaries to those enrolled as of the start of fiscal year 2013.
- The costs per capita to the MERHCF for USFHP beneficiaries are greater than for TFL beneficiaries because USFHP is responsible for the full cost of care for its enrollees, whereas TFL pays only the portion of allowable charges not paid for by Medicare or another form of health insurance.