



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 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 certain locations. The costs per person to the MERHCF are greater for those enrollees 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.

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	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2027-2031	2027-2036
BUDGET INFORMATION													
Millions of dollars, by fiscal year													
Estimated Outlays From the MERHCF	13,604	14,285	14,900	15,562	16,217	16,913	17,578	18,265	18,943	19,607	20,272	77,877	172,542
Components of the MERHCF													
TRICARE for Life	12,679	13,342	13,944	14,593	15,235	15,921	16,579	17,260	17,934	18,624	19,317	73,035	162,749
USFHP	925	943	956	969	982	992	999	1,005	1,009	983	955	4,842	9,793
PARTICIPATION AND BENEFIT INFORMATION													
By fiscal year													
Average Annual Beneficiaries (Thousands of people)													
TRICARE for Life ^a	2,462	2,475	2,479	2,477	2,477	2,473	2,464	2,452	2,441	2,431	2,417	n.a.	n.a.
USFHP ^b	45	44	43	42	40	39	37	36	34	32	30	n.a.	n.a.
Cost Per Beneficiary (Dollars)													
TRICARE for Life													
Purchased care													
Inpatient/outpatient	1,967	2,065	2,159	2,267	2,390	2,513	2,644	2,782	2,913	3,046	3,190	n.a.	n.a.
Pharmacy	2,211	2,323	2,415	2,524	2,609	2,719	2,818	2,930	3,044	3,158	3,275	n.a.	n.a.
Military treatment facilities													
Inpatient/outpatient	649	674	704	736	771	808	848	890	933	978	1,026	n.a.	n.a.
Pharmacy	<u>320</u>	<u>336</u>	<u>354</u>	<u>371</u>	<u>388</u>	<u>406</u>	<u>425</u>	<u>445</u>	<u>465</u>	<u>486</u>	<u>509</u>	n.a.	n.a.
Total, TRICARE for Life	5,147	5,398	5,632	5,898	6,158	6,446	6,735	7,047	7,355	7,668	8,000	n.a.	n.a.
USFHP ^c	20,552	21,434	22,242	23,081	24,538	25,424	27,012	27,923	29,672	30,728	31,836	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 wraparound 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 person to the MERHCF are greater for USFHP beneficiaries than for TFL beneficiaries because USFHP pays the full cost of care for its enrollees, whereas TFL pays only the portion of allowable charges that are not paid for by Medicare or another form of health insurance.