



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 physician and hospital charges that are not 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.

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	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2026	2022-2031
BUDGET INFORMATION													
Millions of dollars, by fiscal year													
Estimated Outlays From the MERHCF	11,258	11,769	12,484	13,024	13,693	14,329	15,101	15,826	16,620	17,397	18,181	65,299	148,424
Components of the MERHCF													
TRICARE for Life	10,447	10,932	11,621	12,135	12,779	13,392	14,142	14,849	15,628	16,391	17,163	60,859	139,032
USFHP	811	837	863	889	914	937	959	977	992	1,006	1,018	4,440	9,392
PARTICIPATION AND BENEFIT INFORMATION													
By fiscal year													
Average Annual Beneficiaries (Thousands of people)													
TRICARE for Life ^a	2,453	2,474	2,491	2,491	2,517	2,541	2,562	2,580	2,593	2,599	2,601	n.a.	n.a.
USFHP ^b	47	46	45	45	44	43	42	41	39	38	37	n.a.	n.a.
Cost Per Beneficiary (Dollars)													
TRICARE for Life													
Purchased care													
Inpatient/outpatient	1,636	1,752	1,870	1,975	2,059	2,150	2,248	2,352	2,464	2,586	2,715	n.a.	n.a.
Pharmacy	1,569	1,583	1,665	1,701	1,778	1,820	1,914	1,982	2,074	2,158	2,244	n.a.	n.a.
Military treatment facilities													
Inpatient/outpatient	704	735	768	810	842	880	920	962	1,008	1,057	1,108	n.a.	n.a.
Pharmacy	<u>342</u>	<u>358</u>	<u>375</u>	<u>395</u>	<u>411</u>	<u>430</u>	<u>451</u>	<u>471</u>	<u>494</u>	<u>519</u>	<u>544</u>	n.a.	n.a.
Total TRICARE for Life	4,251	4,428	4,678	4,881	5,090	5,280	5,533	5,767	6,040	6,320	6,611	n.a.	n.a.
USFHP ^c	17,264	18,197	19,174	19,750	20,763	21,796	22,837	23,824	25,447	26,474	27,501	n.a.	n.a.

Components may not sum to totals because of rounding; MERHCF = Department of Defense Medicare-Eligible Retiree Health Care Fund; TFL = TRICARE for Life; USFHP = Uniformed Services Family Health Plan; n.a. = not applicable.

See next page for notes.



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- a. TRICARE for Life beneficiaries include all military retirees, survivors, and their dependents who are eligible for benefits from the MERCHF 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. TRICARE for Life 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.
- b. 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.
- c. 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 that are not paid for by Medicare or another form of health insurance.