



## 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.

## DoD Medicare-Eligible Retiree Health Care Fund

	By Fiscal Year, Millions of Dollars											2023- 2027	2023- 2032
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
<b>BUDGET INFORMATION</b>													
<b>Estimated Outlays From the MERHCF</b>	11,316	11,962	12,589	13,340	14,046	14,869	15,583	16,279	17,027	17,792	18,582	<b>66,806</b>	<b>152,069</b>
<b>Components of the MERHCF</b>													
TRICARE for Life	10,458	11,066	11,661	12,383	13,065	13,863	14,560	15,240	15,974	16,728	17,509	<b>62,038</b>	<b>142,049</b>
USFHP	858	896	928	957	981	1,006	1,023	1,039	1,053	1,064	1,073	<b>4,768</b>	<b>10,020</b>
<b>PARTICIPATION AND BENEFIT INFORMATION</b>													
<b>Average Annual Beneficiaries (Thousands of people)</b>													
TRICARE for Life <sup>a</sup>	2,478	2,498	2,500	2,528	2,555	2,579	2,599	2,615	2,623	2,626	2,624	n.a.	n.a.
USFHP <sup>b</sup>	46	45	44	43	43	42	40	39	38	36	35	n.a.	n.a.
<b>Cost Per Beneficiary (Dollars)</b>													
TRICARE for Life													
Purchased care													
Inpatient/outpatient	1,736	1,852	1,975	2,069	2,161	2,259	2,365	2,476	2,599	2,730	2,869	n.a.	n.a.
Pharmacy	1,563	1,628	1,650	1,716	1,753	1,853	1,914	1,965	2,038	2,117	2,206	n.a.	n.a.
Military treatment facilities													
Inpatient/outpatient	675	675	738	793	852	900	941	985	1,033	1,083	1,136	n.a.	n.a.
Pharmacy	286	286	310	331	356	376	393	411	431	451	473	n.a.	n.a.
Total TRICARE for Life	4,260	4,441	4,673	4,909	5,122	5,388	5,613	5,837	6,101	6,381	6,684	n.a.	n.a.
USFHP <sup>c</sup>	18,663	19,912	21,089	22,247	22,810	23,942	25,586	26,647	27,706	29,562	30,667	n.a.	n.a.

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

- TRICARE for Life 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 that are not paid for by Medicare or another form of health insurance.