



THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510

'APR 28 2009

Dear Mr. Chairman:

This letter is provided in response to the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2009, Senate Report 110-335, Premium Conversion and Flexible Spending Account Options for Service Members (PC/FSA) that requests the Department of Defense (DoD) to detail the plan to implement these programs for both Active Duty and Selected Reserve members or explain the decision not to offer these programs.

The Department submitted a report to Congress on May 15, 2007 on this topic and recommended that no such changes to the benefit program be introduced. The analysis provided in the report fully supported this position, and the Department's position on this matter is reinforced by the following new provisions in NDAA for FY 2009, Title VII, directed at fees, co-payments, and deductibles:

- *Prohibition on Increase in Enrollment Fee.* Section 701, among other provisions, extends by one year the current prohibition on increasing the amount of the cost-share that TRICARE beneficiaries pay for hospital stays.
- *Waiver of Cost Sharing for Preventive Services.* Section 711 authorizes the Secretary of Defense to waive all co-payments and deductibles for preventive health services for TRICARE Standard beneficiaries. The waiver applies to Active Duty family members, TRICARE Reserve Select (TRS) enrollees, and retiree beneficiaries and their dependents that are not Medicare-eligible. The Congressional Budget Office estimates that waiving co-payments and deductibles for preventive care services will shift \$110 million per year in costs from beneficiaries to DoD.
- *Prohibition on Increase in Pharmacy Co-payments.* Section 702 prohibits DoD from increasing the cost-sharing amounts that beneficiaries pay for pharmaceutical drugs for one year, until 2010, for Active Duty dependents, TRS enrollees, and all retirees and their dependents.

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Collectively, these provisions provide significant relief to our active and reserve populations and their family members and assist in achieving the overall objective of the Congress of providing cost-effective health care coverage and benefits for our beneficiaries.

In addition our previous report stipulated the following:

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Rather than establishing an Active Duty and Selected Reserve premium conversion plan or FSA program, the Department will implement the NDAA for FY 2009 provisions listed above, assess outcomes of the initiatives, and then determine if additional efforts are required to ensure our Active Duty and Reserve members, as well as their family members, can easily access clinical preventive services and healthy lifestyle assistance programs.

Thank you for your continued support of the Military Health System.

Sincerely,

A handwritten signature in black ink, appearing to read "Ward", written in a cursive style.

S. Ward Casscells, M.D.

cc:
The Honorable John McCain
Ranking Member



HEALTH AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

The Honorable Ike Skelton
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

APR 28 2009

Dear Mr. Chairman:

This letter is provided in response to the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2009, Senate Report 110-335, Premium Conversion and Flexible Spending Account Options for Service Members (PC/FSA) that requests the Department of Defense (DoD) to detail the plan to implement these programs for both Active Duty and Selected Reserve members or explain the decision not to offer these programs.

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Thank you for your continued support of the Military Health System.

Sincerely,

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S. Ward Casscells, M.D.

cc:
The Honorable John M. McHugh
Ranking Member



HEALTH AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

The Honorable Ben Nelson
Chairman, Subcommittee on Personnel
Committee on Armed Services
United States Senate
Washington, DC 20510

APR 28 2009

Dear Mr. Chairman:

This letter is provided in response to the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2009, Senate Report 110-335, Premium Conversion and Flexible Spending Account Options for Service Members (PC/FSA) that requests the Department of Defense (DoD) to detail the plan to implement these programs for both Active Duty and Selected Reserve members or explain the decision not to offer these programs.

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S. Ward Casscells, M.D.

cc:
The Honorable Lindsey O. Graham
Ranking Member



THE ASSISTANT SECRETARY OF DEFENSE

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HEALTH AFFAIRS

The Honorable Susan Davis
Chairwoman, Subcommittee on Military Personnel
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

APR 28 2009

Dear Madam Chairwoman:

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S. Ward Casscells, M.D.

cc:
The Honorable Joe Wilson
Ranking Member



THE ASSISTANT SECRETARY OF DEFENSE

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HEALTH AFFAIRS

APR 28 2009

The Honorable Daniel K. Inouye
Chairman, Committee on Appropriations
United States Senate
Washington, DC 20510

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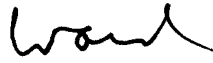
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S. Ward Casscells, M.D.

cc:

The Honorable Thad Cochran
Ranking Member



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HEALTH AFFAIRS

APR 28 2009

The Honorable David R. Obey
Chairman, Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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The Honorable Jerry Lewis
Ranking Member