THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

SEP - 3 2008

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

Dear Mr. Chairman:

The enclosed report responds to the request in Senate Report 110-077 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2008 (Public Law 110-181) for the Secretary of Defense to report on its implementation of TRICARE Reserve Select (TRS), as authorized by Section 706 of the NDAA for FY 2007 (Public Law 109-364), with the first report due by March 1, 2008. The Department submitted an interim report that advised additional time would be required to address each matter adequately by June 2008.

The report describes the programs and activities that inform TRS members of the option to enroll in TRICARE, the number of enrollees in TRS broken out by Reserve Component and region, the actual implementation costs in FY 2006 of TRICARE for members of the Selected Reserve, and an explanation of why the FY 2007 cost data is not available yet. We anticipate that the FY 2007 cost data will be included in the next annual report to Congress, due on March 1, 2009.

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

Sir
Catching on
reservists
Marks
Ward

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

SEP - 3 2008

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

Dear Mr. Chairman:

The enclosed report responds to the request in Senate Report 110-077 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2008 (Public Law 110-181) for the Secretary of Defense to report on its implementation of TRICARE Reserve Select (TRS), as authorized by Section 706 of the NDAA for FY 2007 (Public Law 109-364), with the first report due by March 1, 2008. The Department submitted an interim report that advised additional time would be required to address each matter adequately by June 2008.

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

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Lindsey O. Graham
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

SEP - 3 2008

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

Dear Mr. Chairman:

The enclosed report responds to the request in Senate Report 110-077 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2008 (Public Law 110-181) for the Secretary of Defense to report on its implementation of TRICARE Reserve Select (TRS), as authorized by Section 706 of the NDAA for FY 2007 (Public Law 109-364), with the first report due by March 1, 2008. The Department submitted an interim report that advised additional time would be required to address each matter adequately by June 2008.

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

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Duncan Hunter
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

SEP - 3 2008

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

Dear Madam Chairwoman:

The enclosed report responds to the request in Senate Report 110-077 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2008 (Public Law 110-181) for the Secretary of Defense to report on its implementation of TRICARE Reserve Select (TRS), as authorized by Section 706 of the NDAA for FY 2007 (Public Law 109-364), with the first report due by March 1, 2008. The Department submitted an interim report that advised additional time would be required to address each matter adequately by June 2008.

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

Sincerely,

S. Ward Casscells, MD

Susan
We're planning the transition now (already!) so let me know if you want a brief on it & have so appreciated your guidance + support; hope for more tel 20 Jan. All Best
Ward

Enclosure:
As stated

cc:
The Honorable John M. McHugh
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

SEP - 3 2008

The Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The enclosed report responds to the request in Senate Report 110-077 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2008 (Public Law 110-181) for the Secretary of Defense to report on its implementation of TRICARE Reserve Select (TRS), as authorized by Section 706 of the NDAA for FY 2007 (Public Law 109-364), with the first report due by March 1, 2008. The Department submitted an interim report that advised additional time would be required to address each matter adequately by June 2008.

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

Sincerely,

S. Ward Casscells, MD

cc:
The Honorable Thad Cochran
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

SEP - 3 2008

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

Dear Mr. Chairman:

The enclosed report responds to the request in Senate Report 110-077 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2008 (Public Law 110-181) for the Secretary of Defense to report on its implementation of TRICARE Reserve Select (TRS), as authorized by Section 706 of the NDAA for FY 2007 (Public Law 109-364), with the first report due by March 1, 2008. The Department submitted an interim report that advised additional time would be required to address each matter adequately by June 2008.

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

Sir Reservists are warning to the program VR Ward

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Thad Cochran
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

SEP - 3 2008

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

Dear Mr. Chairman:

The enclosed report responds to the request in Senate Report 110-077 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2008 (Public Law 110-181) for the Secretary of Defense to report on its implementation of TRICARE Reserve Select (TRS), as authorized by Section 706 of the NDAA for FY 2007 (Public Law 109-364), with the first report due by March 1, 2008. The Department submitted an interim report that advised additional time would be required to address each matter adequately by June 2008.

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

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Jerry Lewis
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

SEP - 3 2008

The Honorable John P. Murtha
Chairman, Subcommittee on Defense
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The enclosed report responds to the request in Senate Report 110-077 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2008 (Public Law 110-181) for the Secretary of Defense to report on its implementation of TRICARE Reserve Select (TRS), as authorized by Section 706 of the NDAA for FY 2007 (Public Law 109-364), with the first report due by March 1, 2008. The Department submitted an interim report that advised additional time would be required to address each matter adequately by June 2008.

The report describes the programs and activities that inform TRS members of the option to enroll in TRICARE, the number of enrollees in TRS broken out by Reserve Component and region, the actual implementation costs in FY 2006 of TRICARE for members of the Selected Reserve, and an explanation of why the FY 2007 cost data is not available yet. We anticipate that the FY 2007 cost data will be included in the next annual report to Congress, due on March 1, 2009.

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

Sir
Reservists are warming to the program. Congrats & thanks on the med research support.
S.Fi!
Ward

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable C. W. Bill Young
Ranking Member

TRICARE Reserve Select

Report to Congress

August 2008

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TRICARE Reserve Select Report to Congress

Executive Summary

TRICARE Reserve Select (TRS) is a health plan available to qualified members of the Selected Reserve for purchase. Congress directed the Department of Defense (DoD) to report on its implementation of the TRS program. Specifically, the report describes activities to inform members of the Selected Reserve of their option to enroll in TRICARE, the number of TRS enrollees, and the actual implementation costs of TRICARE for members of the Selected Reserve in Fiscal Year (FY) 2006.

DoD Health Affairs and DoD Reserve Affairs conducted an unprecedented informational awareness campaign for TRS from the first year it was offered in 2006. The TRICARE Management Activity (TMA) promoted awareness of TRS and distributed mass marketing materials through the mail to eligible personnel.

The TRS program was presented in briefings to large audiences at the Military Health System (MHS) Conference in January 2008. These briefs focused on the TRS program and process changes that became effective October 1, 2007. Other activities that inform members of the Selected Reserve that they have the option to enroll in the TRS health plan are distribution of the TRICARE Reserve Select Handbooks and posting information on various Web sites.

The number of TRS enrollees as of May 5, 2008 was 71,126. The current number of TRS plans as of May 5, 2008 includes 10,317 member-only plans and 16,504 member and family plans for a total of 26,821 plans worldwide.

This report outlines the FY 2006 costs for implementing TRS, but the data is not available as yet to discuss the FY 2007 costs. The actual implementation cost of TRS for FY 2006 was $70.2 million. The premiums collected offset the cost by $21.5 million leaving a net cost to the Government of $48.7 million. For the FY 2007 costs, under the TRICARE timely claims filing rules, for care received on or after September 30, 2007, claims may be sent to the claims processor until September 30, 2008. The Department has no knowledge of the cost of a claim until the claims processor receives it. Therefore, the FY 2007 data is not included in this report because a complete set of claims data for that fiscal year is not yet available.

Introduction

In Senate Report 110-007 Congress requested the Secretary of Defense to report on its implementation of TRS, as authorized by section 706 of the John Warner National Defense Authorization Act for FY 2007 (Public Law 109-364), with the first report due by March 1, 2008.

This report describes the programs and activities that inform TRS members of the option to enroll in TRICARE, the number of enrollees in TRS broken out by Reserve Component and region, the actual implementation costs in FY 2006 of TRICARE for members of the Selected Reserve, and an explanation of why the FY 2007 costs data is not yet available.

Background

TRS is the premium-based health plan available for purchase by qualified members of the Selected Reserve. Developed by the Department to implement a provision in the National Defense Authorization Act for FY 2005, TRS has undergone its second major revision in response to subsequent statutory requirements. Beginning October 1, 2007, a member could qualify to purchase and maintain coverage if he or she were (a) a member of the Selected Reserve and (b) not eligible for (or enrolled in) the Federal Employees Health Benefits Plan (FEHBP). TRS members will pay only 28 percent of the total premium costs, with DoD absorbing the other 72 percent of the cost. TRS premium costs would normally be adjusted each calendar year by the same percentage as the increase in the Blue Cross Blue Shield plan under the FEHBP program. However, the premium is currently frozen by statute at the 2006 rate.

TRS coverage is similar to TRICARE Standard and TRICARE Extra. Covered members and family members may access care from any TRICARE-authorized provider, hospital or pharmacy, whether in the TRICARE network or not. TRS-covered members may also access care at military treatment facilities (MTFs) on a space-available basis. TRS members and their covered family members pay the same TRICARE cost share and deductibles as active duty family members.

Programs and Activities Informing Members to Enroll

DoD Health Affairs and DoD Reserve Affairs have collaborated closely in conducting an unprecedented informational awareness campaign for TRS from the first year it was offered through the two major revisions mentioned above. Obtaining TRS coverage is a two-step process.

Step 1 – Qualifying

Guard/Reserve members must qualify for TRS before they may purchase TRS coverage. The Reserve components are responsible for determining whether members meet the statutory qualifications as implemented in regulation.

Step 2 – Purchase

Qualified Guard/Reserve members must submit a completed TRS application along with the first month's premium for receipt by their TRICARE regional contractor by established deadlines. TRICARE is responsible for processing applications and receiving receipt of premium payments.

Under leadership of Reserve Affairs, the Reserve components have taken a "grass roots" approach to provide TRS information to members through the chain of command. These efforts are supported by the production of marketing materials and with mass media approaches. TRICARE's Web site has been the primary repository to provide TRS information and has received accolades from the Reserve community. With each major TRS revision, Health Affairs and Reserve Affairs worked together to produce mass mailings to Selected Reserve members who could potentially qualify to purchase TRS coverage.

The communication strategy to promote awareness of the TRS program includes the following.

- Reserve components will capitalize on their opportunities for direct contact with Selected Reservists through the chain of command to ensure members and their families have sufficient information to make informed decisions about purchasing TRS coverage this year and on an ongoing basis.
- The Military Health System supports the Reserve components by providing training opportunities to the Guard/Reserve personnel community, by producing informational materials for Guard/Reserve members, and by using public awareness tactics and vehicles.
- TRICARE regional contractors will also provide information about purchasing and using TRS.

- Local MTFs will provide information on space-available health services and their pharmacies.

Other activities that inform members of the Selected Reserve that they have the option to enroll in the TRS health plan are distribution of the TRICARE Reserve Select Handbooks and posting information on various Web sites.

www.tricare.mil/reserve/reserveselect

www.defenselink.mil/ra

www.dmdc.osd.mil/appj/trs/index.jsp

Number of Enrollees

Table 1 reports TRS enrollment as of May 5, 2008, by Reserve Component and Table 2 reports the same information by region.

Table 1 - TRS Enrollment by Reserve Component

Reserve Component	Total plans	Member only plans	Family plans	Covered lives
ARNG	10,501	3,905	6,596	27,943
USAR	5,648	2,121	3,527	15,258
USNR	2,772	848	1,924	8,174
USMCR	892	381	511	2,279
ANG	3,566	1,653	1,913	8,595
USAFR	2,976	1,190	1,786	7,768
USCGR	466	219	247	1,109
Total	26,821	10,317	16,504	71,126

Table 2 - Number of TRS Enrollees by Region

Region	Total plans	Member only plans	Family plans	Covered lives
North	8,943	3,856	5,087	22,522
South	8,714	3,067	5,647	23,806
West	8,934	3,336	5,598	24,035
Overseas	230	58	172	763
Total	26,821	10,317	16,504	71,126

Fiscal Year 2006 Cost Data

The total FY 2006 actual cost to implement TRICARE for TRS members was $70.2 million. The premiums collected offset the cost by $21.5 million, leaving a net cost to the Government of $48.7 million.

The cost to the Defense Manpower Data Center (DMDC) was $2.2 million to collect data and maintain databases relating to manpower, personnel, training, and financial. The largest expense was $48.2 million for private sector health care. The cost to the MTFs was $4 million, while the cost of processing claims for private sector care was $1.1 million. Finally, cost for implementation and administration of the TRS program was $14.7 million. Table 3 below outlines the FY 2006 actual cost data for the implementation of TRICARE for TRS members.

Table 3 – FY 2006 TRS Actual Implementation Costs

Item	Actual Costs ($ millions)
DMDC	2.2
Health Care Claims	48.2
MTF Costs	4.0
Claim Rate	1.1
Implementation/Admin	14.7
	70.2
Premiums collected	-21.5
Net Cost to the Government	48.7

Fiscal Year 2007 Cost Data

Collecting the necessary data to fulfill the reporting requirements involves obtaining and validating actual DoD costs from a variety of cost categories for implementation of TRS. The TRICARE timely claims filing rules allow providers/beneficiaries the opportunity to file claims up to one year after the date of service. The FY 2006 claims data was completed in time for the Department to submit this first report. However, applying the timely claims filing rules means that cost data from claims for care received on September 30, 2007, may not be received by the claims processor until September 30, 2008. The TMA has no knowledge of a claim's cost until such time that the claim is received by the claims processor. Therefore, the FY 2007 data

is not included in this report because a complete set of claims data for the most recent fiscal year is not yet available.

Conclusion

This report describes the programs and activities that inform the members of the Selected Reserve of the option to enroll in TRICARE, breaks down the number of TRS enrollees by Reserve Component and by region, summarizes the FY 2006 implementation costs, and provides an explanation as to why the FY 2007 cost data is not yet available. TMA distributed information on the TRS program at the MHS Conference in January 2008, circulated the TRICARE Reserve Select handbooks, and posted information on various government and military Web sites. The number of TRS enrollees as of May 5, 2008 was 71,126. The FY 2006 cost for implementing TRS was $70.2 million, but the FY 2007 cost data is not yet available. The Department plans to provide the FY 2007 cost data in the next annual report due March 1, 2009.