

Personnel Issues in 2008



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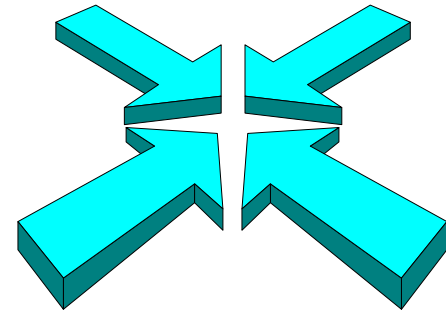
Who is the Air Force Association?

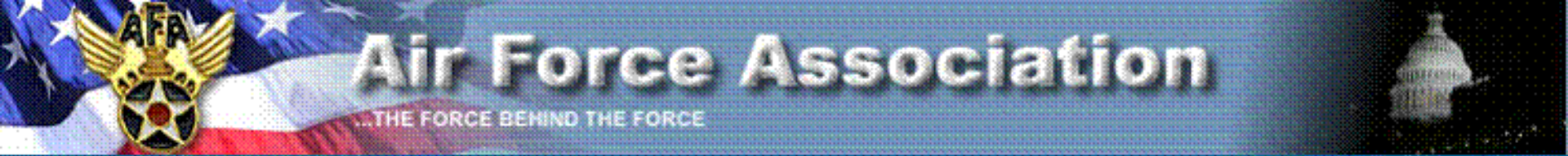
- The Air Force Association (AFA) is an independent, nonprofit, civilian education organization promoting public understanding of aerospace power and the pivotal role it plays in the security of the nation. AFA publishes AIR FORCE Magazine, conducts national symposia and disseminates information through outreach programs.
- AFA supports the total Air Force, from the youngest enlisted member to the most seasoned officer.
- AFA also supports Air National Guard members, the AF Reserve, retirees, veterans, and the families of all who serve in the United States Air Force.



AFA Policy Formulation Process

- Input:
 - USAF Advisory Councils
 - AFA Veterans/Retiree Council
 - AFA Members
 - Congressional Testimony
- Approval:
 - Board of Directors
 - Convention Delegates





Discussion Items

- Veterans' Health
 - Mental Health
- Air National Guard and AF Reserve
- Health Care for the Total Force
- Recruiting and Retention Tools

Veterans' Health: A Sacred Obligation

- Last year, Congress passed the largest one-year increase in history, totaling a \$6.6 billion increase in VA health care funding for FY2008.
- However, demand continues to rise. Enrollments of OIF / OEF veterans alone are expected to increase nearly 14% in the next year.
- We cannot allow the increased demand placed on the VA to result in lapses in quality of or access to care for ALL of our veterans.





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FY2009 VA Budget Request in Millions

	<i>FY 2007</i> ¹	<i>FY 2008</i> ²	<i>2009 Request</i>	<i>Change 2008-2009</i>
Medical Care	33,591	36,589	38,737	2,147
<i>Rescission P.L. 110-161</i> ³		-66		
Collections	2,219	2,341	2,467	126
Total	35,810	38,864	41,203	2,340
Medical Research	446	480	442	-38
VBA	1,249	1,322	1,372	50
NCA	160	194	181	-13
Construction-Major ³	399	1,135	582	-554
Construction-Minor	525	631	329	-301
Grants for State Extended Care Facilities	85	165	85	-80
Grants for State Cemeteries	32	40	32	-8
General Administration	337	324	328	4
Information Technology	1,248	2,053	2,442	389
Inspector General	71	81	77	-4
Loan Administration Funds	153	156	158	3
Total Discretionary	40,516	45,443	47,231	1,788
Total Mandatory	41,274	44,849	46,435	1,586
Total VA	81,790	90,291	93,666	3,374
FTE	230,375	249,463	253,382	3,919

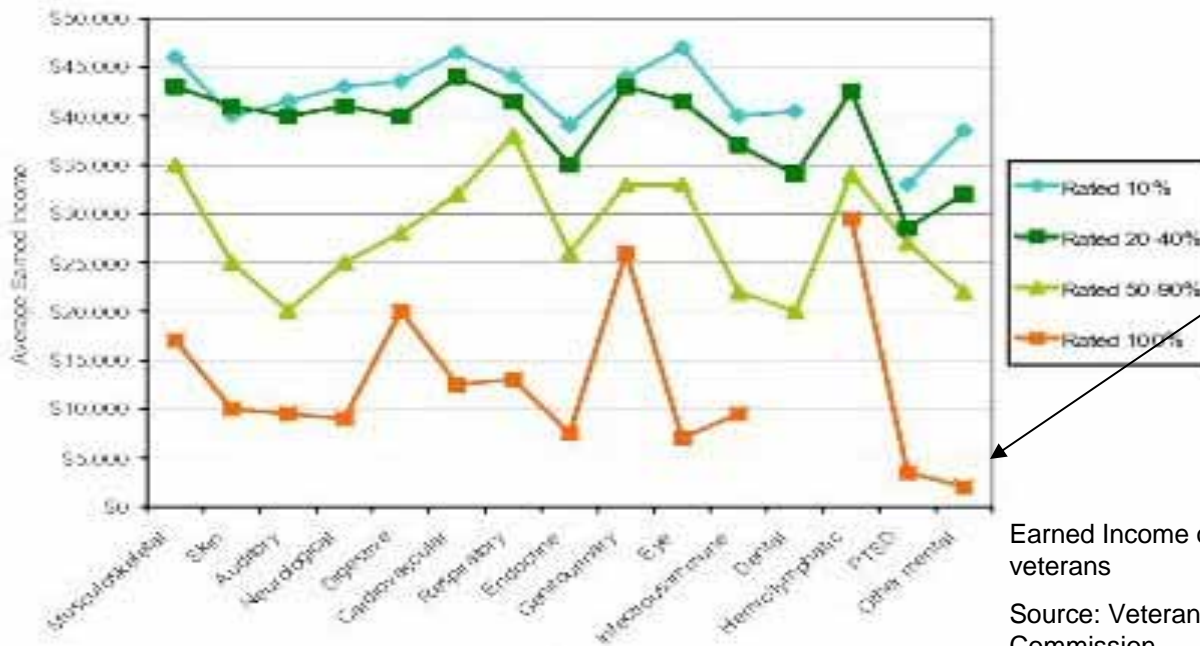
¹ FY 2007 includes \$1.8 billion in Funding for Public Law 110-28, Emergency Supplemental

² FY 2008 includes \$3.7 billion in Emergency Funding

³ FY 2008 includes a rescission of \$66 million from Medical Services and an increase of \$66 million in Major Construction per PL 110-161.



Robust Effort Needed to Address Mental Health Issues



The earnings potential for veterans with PTSD or “other mental health issues” is lower than any injury with strictly physical manifestations.

Earned Income of service-connected veterans

Source: Veterans' Disability Benefits Commission

- As was indicated in the previous slide, the funding request for Medical Research is \$38 million less, an 8% decrease, from the enacted levels in FY2008.
- Post-Traumatic Stress Disorder and other mental health ailments impair our returning servicemen and women from earning a living and reintegrating after their service more than any physical injury they may face on the battlefield. More, not less, must be invested to better diagnose and treat mental difficulties.



What is the ICD-9?



- The International Statistical Classification of Diseases and Related Health Problems provides codes to classify diseases and a wide variety of signs, symptoms, abnormal findings, complaints, social circumstances and external causes of injury or disease. Every health condition can be assigned to a unique category.
- The three most common possible health problems of war veterans were musculoskeletal ailments (principally joint and back disorders), mental disorders, and “Symptoms, Signs and Ill-Defined Conditions.”
- “Ill-Defined Conditions” is a diverse, catch-all category that is commonly used for the diagnosis of outpatient populations. It encompasses more than 160 sub-categories and primarily consists of common symptoms that do not have an immediately obvious cause during a clinic visit. It is distinct from the “Mental Disorder” category, which is used to categorize identifiable mental problems.



Frequency of Possible Diagnoses Among OEF/OIF Veterans since 2002*

Diagnosis (Broad ICD-9 Categories)	(n = 299,585)	
	Frequency *	%
Diseases of Musculoskeletal System/Connective System (710-739)	137,361	45.9
Mental Disorders (290-319)	120,049	40.1
Symptoms, Signs and Ill Defined Conditions (780-799)	111,474	37.2
Diseases of Nervous System/ Sense Organs (320-389)	98,741	33.0
Disease of Digestive System (520-579)	92,943	31.0
Diseases of Endocrine/Nutritional/ Metabolic Systems (240-279)	61,276	20.5
Disease of Respiratory System (460-519)	57,312	19.1
Diseases of Circulatory System (390-459)	46,725	15.6
Diseases of Skin (680-709)	46,137	15.4
Infectious and Parasitic Diseases (001-139)	33,783	11.3

*These are cumulative data since FY 2002, with data on hospitalizations and outpatient visits as of **September 30, 2007**; veterans can have multiple diagnoses with each healthcare encounter. A veteran is counted only once in any single diagnostic category but can be counted in multiple categories, so the above numbers add up to greater than 299,585.



- The number of PTSD patients listed is probably inaccurate and understated, because it does not include information on PTSD from VA's Vet Centers and does not include veterans not enrolled for VHA health care.
- Because VA health data are not representative of the veterans who have not accessed VA health care, the Department has indicated formal epidemiological studies will be required to answer specific questions about the overall health of recent war veterans.





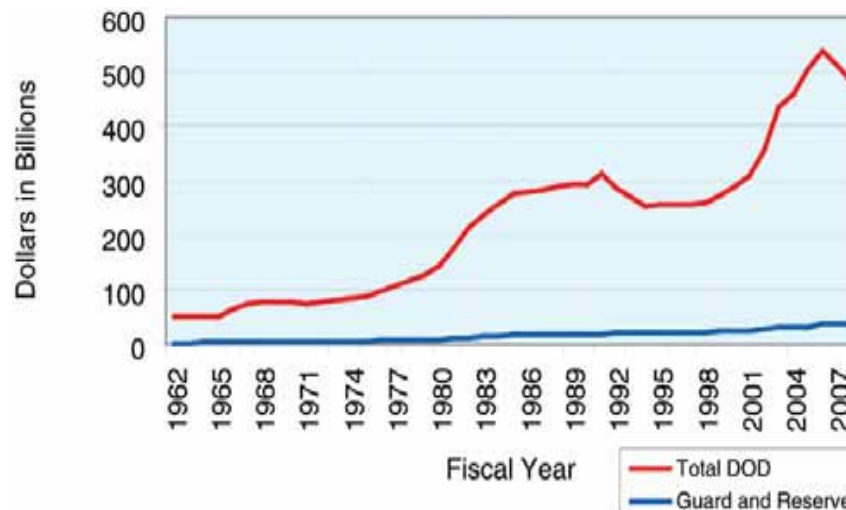
Specific Policy Changes are Needed to Assist Veterans

- AFA does not support proposals to do away with the military disability retirement system and shift disability compensation responsibility to the VA, and believes any legislative changes to the military disability evaluation and retirement systems should not reduce compensation and benefit levels for disabled service members.
- The Air Force Association believes authorizing three years of their active-duty-level health care benefit for service-disabled members and their families after separation or retirement is essential to align stated “seamless transition” intentions with the realities faced by disabled members and families.
- For the sake of accountability and ensuring all veterans are properly compensated for their service and cared for in response to a possible service-related health issue, AFA urges an expanded review of all administrative and disciplinary separations since October 2001 for members with recent combat experience to assess whether the behavior that led to separation may have been due to service-caused exposure.



Increasing Value and Employment of the Air National Guard and Air Force Reserve

- Congress should support equitable pay initiatives and other family support programs to meet the need of our Guard and Reserve families, while working with employers to enhance job security while those servicemembers are deployed.
- Since Sept. 11, 2001, more than 615,000 National Guard and Reserve service men and women have been called to active Federal service for the War on Terrorism and more than 150,000 have served multiple deployments.
- The Air National Guard has a commitment to the nation's governors to have 50% of a state's National Guard forces available to them for state emergencies, in addition to increased deployments while facing major challenges with equipment shortages. Adequate funding, critical to the full implementation of these plans, is still not in DOD's budget.

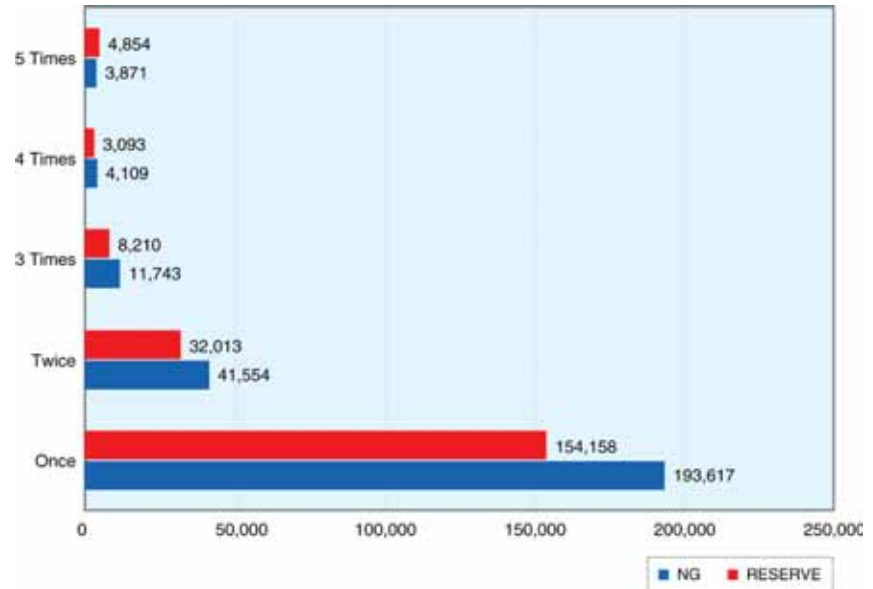


Guard and Reserve Funding Compared to Total DOD Funding

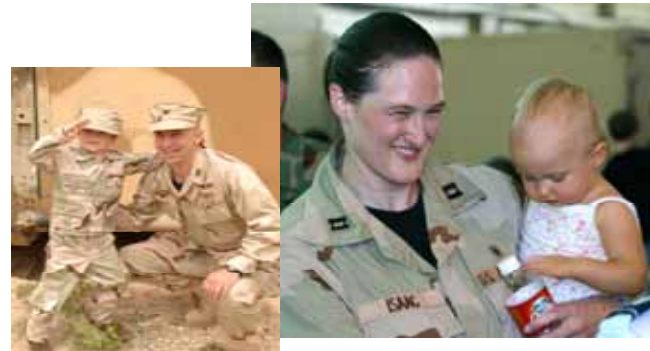
Source: Commission on the National Guard and Reserves

Support Services Not Equal to Current Obligations

- The impact of multiple deployments on family life can be extremely difficult, particularly for the Guard and Reserve.
- Periodic, numerous long-term absences from the civilian workplace can only limit Guard and Reserve members' upward mobility, employability and financial security.
- Multiple deployers are much more likely to experience depression and anxiety, and their personal morale is much lower than first-time deployers.
- Continued awareness is needed to ensure mental health concerns are an integral element of readiness.



Deployments of National Guardsmen and Reservists, 2001–2007
 Source: Commission on National Guard and Reserves





Providing relief to our Air National Guard and AF Reserve

- Support a military pay raise of at least 3.9% for FY2009 (one-half percentage point above private sector pay growth) and to continue such half-percent annual increases over the Employment Cost Index until the current 3.4% pay comparability gap is eliminated.
- Congress should assist the Guard and Reserves by passing H.R. 4930, the National Guardsmen and Reservists Parity for Patriots Act, which makes retroactive to September 11, 2001, provisions for currently serving reservists to retire three months earlier for each 90 days of qualifying active duty service.
- Today's increased operations tempo makes employer support more important than ever. Employer pressure is listed as one of the top reasons members of the Guard and Reserve quit; Congress should authorize meaningful tax credits as a way to help offset costs associated with employees' Guard or Reserve activities and reinforce employer support.

Active-Duty Health Care: Protecting Beneficiaries Against Cost-Shifting

- DoD cost increases over the intervening years have been inflated by military/wartime requirements, inefficiency, lack of effective oversight, structural dysfunction, or conscious political decisions by the Administration and Congress.
- None of these things are attributable to the men and women who choose to serve.
- The increases proposed by both the Administration and the Task Force on the Future of Military Health Care are grossly out of line with TRICARE benefit levels originally enacted by Congress, even allowing for interim inflation since current fees were established.





Current vs. Proposed TRICARE Fees (Recommended by DoD Task Force on Future of Military Health Care)

Retiree Under Age 65, Family of Three

TRICARE Prime*	Current	Proposed
Enrollment Fee	\$460	\$1,090 - \$2,090**
Doctor Visit Copays	\$60	\$125
Rx Cost Shares***	\$288	\$960
Yearly Cost	\$808	\$2,175 - \$3,175

*Fully phased-in proposal; assumes 5 doctor visits per year

**Includes annual medical inflation adjustment recommended by the Task Force

***Assumes 2 generic and 2 brand name prescriptions per month in retail pharmacy



Retiree Under Age 65, Family of Three

TRICARE Standard*	Current	Proposed
Enrollment Fee	\$0	\$120
Deductible	\$300	\$600 - \$1,150
Rx Cost Shares***	\$288	\$960
Yearly Cost	\$588	\$1,680 - \$2,230

*Fully phased-in proposal; assumes 5 doctor visits per year

**Includes annual medical inflation adjustment recommended by the Task Force

***Assumes 2 generic and 2 brand name prescriptions per month in retail pharmacy



Retiree Over Age 65 and Spouse

Tricare For Life*	Current	Proposed
Medicare Part B	\$2,314	n/a
Enrollment Fee	\$0	\$240
Rx Cost Shares**	\$396	\$1260
Yearly Cost	\$2,710	\$3,814

*Assumes lowest tier Medicare Part B premium for 2008

**2 generic and 3 brand name prescriptions per month purchased at network retail pharmacy

Currently Serving Family of Four

TRICARE Standard*	Current	Proposed
Enrollment Fee	\$0	\$120**
Deductible	\$300	\$600-1,150***
Rx Cost Shares****	\$180	\$660
Yearly Cost	\$480	\$1,260 – 1,930

*Fully phased in proposals. Spouse and 2 children use Standard.

**Task Force report unclear whether enrollment fee would apply to currently serving families who elect TRICARE standard

***Assumes 2 generic and 1 brand name prescription per month purchased at retail pharmacy.

****Includes annual military medical inflation adjustment as recommended by the Task Force.



Health Care Principles and Concerns of the Air Force Association

- Congress, DoD, and the Air Force Association all have reason to be concerned about the rising cost of military health care. The Military Health System is a complex system that provides care to eligible beneficiaries, including family members of serving military members. This happens in correlation with its primary role of expeditionary medicine, including providing medical treatment and assistance in a combat zone. Additionally, humanitarian and disaster response is a core component of the MHS.
- The Military Health Service is not a business and should never be evaluated as such.
- We believe Congress must ensure that within the TRICARE Management Activity and DoD actions are taken to incorporate performance measures, in addition to mechanisms of proper governance, accountability and funding, that respect the patient's contributions of service. The alternative, seeking to "tax" beneficiaries with unrealistic fee increases, do not honor service or reflect well on the generosity of our nation and the respect we have for those who serve in the military.



Congress Has a Significant Role to Play in the Success of the Military Health System

- As a principle, Congress should reject any fee increase greater than the Cost-of-Living allowance in any given year
- Support H.R. 579/S. 604 to establish a sense of Congress on the purpose and principles of military health care benefits, and explicit guidelines for and limitations on adjustments.
- Congress should remove the requirement for the family members to reside with the active duty member to qualify for the TRICARE Prime Remote Program, when the family separation is due to a military-directed move or deployment.
- Congress should pass S. 773, a bipartisan bill that would allow military personnel and retirees to pay health insurance premiums on a pretax basis and also would allow a tax deduction for TRICARE supplemental insurance premiums.



Supporting Key Retention and Recruitment Tools is Vital

- Child care is the #1 Quality of Life issue for our Airmen and their families
- The Air Force has initiated several programs to support the health of family life within the Force
- The USAF Returning Home Care program supports Airmen returning home from deployments lasting 30 or more days and for Airmen who routinely deploy on a short-term basis supporting contingency operations by providing 16 hours of free child care upon their return to their home station and family.
- The USAF Extended Duty Child Care Program provides care during non-traditional hours, such as evenings and weekends, at no additional cost to parents, and is available to Active-Duty, Guard, and Reservists.

Educational Benefits: Essential in the All-Volunteer Force

- During FY 2007, more than 60,000 National Guardsmen and Reservists were paid under the Reserve Education Assistance Program, more than 41,000 were paid under the Montgomery GI Bill program, and approximately 344,000 participants were paid under the Montgomery GI Bill for active-duty members.
- Service members have seen the value of their Montgomery GI Bill (MGIB) dramatically diminish due to double digit education tuition increases in recent years.





Quality of Life Improvements are Crucial for Maintaining the Total Force

- Congress should bolster this indispensable recruiting and retention tool by establishing the benchmark level of MGIB education benefits at the average cost of attending a four-year public college, and support continuous in-state tuition eligibility for service members.
- Congress should also restore basic Reserve MGIB rates to approximately 50% of Active Duty rates and authorize upfront reimbursement of tuition or training coursework for Guard and Reserve members.
- Funding for programs such as child care services is needed to ensure that all families have access to these services. They are needed retention tools that also greatly improve the lives of our Airmen and their families.
- Reforms of military housing standards are needed, as current regulations inequitably depress Base Allowance for Housing (BAH) rates for mid to senior enlisted members by relegating their occupancy to inappropriately small living spaces.



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Questions?

The mission of the Air Force Association is to EDUCATE the public about the critical role of aerospace power in the defense of our nation, to ADVOCATE aerospace power and a strong national defense, and to SUPPORT the United States Air Force and the Air Force family.

Please contact me at sbarker@afa.org or (703) 247-5800 with any questions or concerns.

