**Cost Sharing by Beneficiary Tier**

**Tier 1** is comprised of the following beneficiaries *just as it is today*
(who would also continue to have priority MTF access *as they do now*):

* Service members on active duty (greater than 30 days)
* Reserve Component (RC) members for the treatment of a line of duty (LOD) condition

|  |  |
| --- | --- |
| **Tier 2 Beneficiaries** | **Tier 3 Participants** |
| eligible active duty family members |  |
| retirees (medically retired) and their eligible family members (new) | retirees (not medically retired) and their eligible family members |
| members of the US Family Health Plan (USFHP) with an active duty or Tier 2 sponsor | members of USFHP with a Tier 3 sponsor |
| survivors of service members who died on active duty (improved) | survivors of retirees  |
| individuals covered under the Transitional Assistance Management Program (TAMP) |  |
| individuals covered under TRICARE Reserve Select (TRS) | individuals covered under TRICARE Retired Reserve (TRR) |
| individuals covered under TRICARE Young Adult (TYA) with a Tier 1 or 2 sponsor | individuals covered under TYA with a Tier 3 sponsor |

Note. Tier 3 participants eligible for premium-free Medicare Part A would be required to pay Part B premiums to Medicare *as they do now,* in addition to the TRICARE participation fee.

By law, TRICARE for Life (TFL) beneficiaries would continue to have zero out-of-pocket expenses *as they do now* for services that are covered by both TRICARE and Medicare. If a service is covered by TRICARE, but not Medicare, TRICARE cost sharing rules would apply *as they do now*. If a service is covered by Medicare, but not TRICARE, Medicare cost sharing rules would apply *as they do now*. MTFs would not collect copayments from any TFL beneficiaries.

**Table 1 – Annual TRICARE Participation Fee Rates** (Calendar Year 2016)

|  |
| --- |
| **TRICARE Participation Fee** (inflated annually by cost of living adjustment (COLA) percentage) |
| Tier 1 | $0 |
| Tier 2 | $0 |
| Tier 3, non-Medicare eligible  | $286 individual/ $572 family |
| Tier 3, Medicare eligible | 1% of gross retired pay/individual, max $300 ($400 for sponsor O7 or above) |

Note. Individuals (other than ADFMs) eligible for premium-free Medicare Part A would be required to pay Part B premiums to Medicare *as they do now*.

Rules for participation in the premium-based TRICARE plans would continue unchanged: TRICARE Reserve Select (TRS), TRICARE Retired Reserve (TRR), and TRICARE Young Adult (TYA).

**Table 2 – Annual Deductible and Catastrophic Cap** (Calendar Year 2016)

|  |
| --- |
| **General Deductible (out-of-network care)** |
| Tier 1 | $0 |
| Tier 2, E1−E4 sponsor | $150 individual/$300 family |
| all other Tier 2 and Tier 3 | $300 individual/$600 family |
| **Catastrophic Cap (per fiscal year)** |
| Tier 1 | $0 |
| Tier 2 family | $1,500 network/$2,500 combined |
| Tier 3 family | $3,000 network/$5,000 combined |

**Table 3 – Outpatient Cost Sharing** (Calendar Year 2016)

|  |  |  |
| --- | --- | --- |
|  | **TRICARE Network and Military Treatment Facility** | **Out-of-Network** |
| **Services** | **Tier 2****with sponsor E4 & below/E5 & above** | **Tier 3** | **Tier 2** | **Tier 3** |
| Clinical preventive services a | $0 | $0 | $0 | $0 |
| Primary care visit | $0/0 MTF visit $10/15 network visit | $10 MTF visit **$20 network visit** | 20% b | 25% b |
| Specialty care visit(including behavioral health, PT, OT, speech) | $0/0 MTF visit or network BH group visit$20/25 network visit | $20 MTF visit or network BH group visit**$30 network visit** | 20% b | 25% b |
| Urgent care facility | $0/0 MTF visit $25/40 network visit | $30 MTF visit $50 network visit | 20% b | 25% b |
| Emergency department  | $0/0 MTF visit $30/50 network visit | $50 MTF visit $75 network visit | 20% b | 25% b |
| Ambulance  | $0/0 MTF trip, $10/15 network trip | $20 per trip,  MTF or network | 20% b | 25% b |
| DME, prosthetics, orthotics, & supplies | 10% of negotiated network fee | 20% of MTF cost or network negotiated fee | 20% b | 25% b |
| Ambulatory surgery | $0/0 MTF $25/50 network | $50 MTF $100 network | 20% b | 25% b |

a. No cost for listed clinical preventive services under the Affordable Care Act

b. Percentage of TRICARE maximum allowable charge after deductible is met

Note: MTF – military treatment facility; BH – behavioral health, PT – physical therapy; OT – occupational therapy; DME – durable medical equipment

**Table 4 – Inpatient Cost Sharing** (Calendar Year 2016)

|  |  |  |
| --- | --- | --- |
|  | **TRICARE Network and Military Treatment Facility** | **Out-of-Network** |
| **Services** | **Tier 2****with sponsorE4 & below/E5 & above** | **Tier 3** | **Tier 2****with sponsorE4 & below/E5 & above** | **Tier 3** |
| Hospitalization | $0/0 MTF per day$50/80 network per admission | $17.35 MTF per day $200 network per admission | 20% a | 25% a |
| Inpatient skilled nursing/ rehabilitation b | $17/25 network per day  | $25 day | $25/35 day  | $250 per day or 20% a of billed charges for institutional services, whichever is less, plus 20% for separately billed services |

a. Percentage of TRICARE maximum allowable charge after deductible is met

b. Inpatient skilled nursing / rehabilitation is generally not offered in MTFs for anyone other than service members

**Table 5 – Cost-Sharing Impact on Beneficiary Families** (Calendar Year 2016)

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Current TRICARE Triple Option** | **Consolidated TRICARE Health Plan** |
|  |  | **Annually** | **Monthly** | **Annually** | **Monthly** |
| Tier 2 Family a(3 ADFMs not including service member) | DoD cost |  $ 11,301 |  |  $ 10,588 |  |
|  | **Family cost sharing (no fee)** |  **$ 158** |  **$ 13.17** |  **$ 364** |  **$ 30.33** |
|  | Total |  $ 11,549 |  |  $ 10,952 |  |
|  | % borne by family | 1.4% |  | 3.3% |  |
| Tier 3 Family a (3 members,all under age 65) | DoD cost |  $ 13,435 |  |  $ 12,626 |  |
|  | **Family cost sharing & fee** |  **$ 1,378** |  **$ 114.83** |  **$ 1,526** |  **$ 127.17** |
|  | Total |  $ 14,813  |  |  $ 14,152 |  |
|  | % borne by family | 9.3% |  | 10.8% |  |

a. Not Medicare eligible

Note. The analysis assumes an average mix of MTF and civilian care within each beneficiary tier, and a weighted average of Prime and Non-Prime users for the current TRICARE triple option.

TRICARE would still offer a significant value compared to commercial insurance plans. The annual employer health benefits survey published by Kaiser Family Foundation (KFF)/ Health Research & Educational Trust [[1]](#footnote-1) offers a useful benchmark for comparison. For instance, the 2013 average annual total premiums for employer-sponsored health plans were $5,884 for single coverage and $16,351 for family coverage.

The average employee contributions to the premium cost in 2013 were:

$ 999 ($ 83.25/month) for single coverage

$ 4,565 ($ 380.42/month) for family coverage

By comparison, the TRICARE participation fee (premium) would be $572 (calendar year 2016). Care at the MTFs would be very inexpensive with low copayments for Tier 3 participants and free of cost sharing for Tier 2 beneficiaries. TRICARE pharmacy copayments would remain significantly lower than other pharmacy benefit programs.

**Table 6 - Health Plan Comparison**

|  | TRICAREStandard Retiree family | FEHBKaiser High | FEHBBC/BS Standard | TRICARE ConsolidatedTier 3 |
| --- | --- | --- | --- | --- |
| family premium |  $ 0 |  $ 5,055 |  $ 5,329 |  $ 572 |
| family deductible |  $ 300 |  $ 0 |  $ 700 |  $ 600 |
| network specialty care visit |  25% |  $ 20 |  $ 30 |  $ 30 |
| network pharmacy (brand/non-formulary)  |  $ 17 $ 44 |  $ 30 $ 50 |  30% 30% |  $ 28limited availability |
| family catastrophic cap |  $ 3,000 |  $ 4,500 | network $ 6,000combined $ 8,000 | network $ 3,000combined $ 5,000 |

Note. TRICARE Standard and FEHB are 2014 figures. TRICARE consolidated are 2016 figures.

1. <http://kff.org/health-costs/> [↑](#footnote-ref-1)