



THE ASSISTANT SECRETARY OF DEFENSE

1 200 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

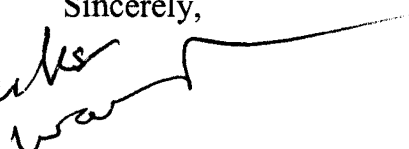
Dear Mr. Chairman:

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 make  
want*

Sincerely,  
  
S. Ward Casscells, MD

Enclosure:  
As stated

cc:  
The Honorable John McCain  
Ranking Member



**THE ASSISTANT SECRETARY OF DEFENSE**

1 200 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,

A handwritten signature in black ink, appearing to read "S. Ward Casscells".

S. Ward Casscells, MD

Enclosure:  
As stated

cc:  
The Honorable Lindsey O. Graham  
Ranking Member



THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON  
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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.

*S.V. Reservists said "show me" but now are signing up*

Sincerely,

*Ward Casscells*  
S. Ward Casscells, MD

Enclosure:  
As stated

cc:  
The Honorable Duncan Hunter  
Ranking Member



THE ASSISTANT SECRETARY OF DEFENSE

1 200 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.

*Susan planning  
We're planning  
the transition has  
(already!) in let  
I know if you  
want a brief on it  
I have no  
opinions*

Sincerely,

S. Ward Casscells, MD

Enclosure:  
As stated

cc:  
The Honorable John M. McHugh  
Ranking Member

*your question has for now  
+ support in  
hit 2008. All Best  
Ward*



**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,

A handwritten signature in black ink, appearing to read "S. Ward Casscells", with a long horizontal flourish extending to the right.

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.

Sincerely,

*SW Reservists are  
warning to the  
program*

*Ward*  
S. Ward Casscells, MD

Enclosure:  
As stated

cc:  
The Honorable Thad Cochran  
Ranking Member



**THE ASSISTANT SECRETARY OF DEFENSE**

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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,

A handwritten signature in black ink, appearing to read "S. Ward Casscells", written over a horizontal line.

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.

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

*Sir  
Reservists are  
warming to the  
program.  
Congrats & thanks for  
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

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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**

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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**

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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](http://www.tricare.mil/reserve/reserveselect)

[www.defenselink.mil/ra](http://www.defenselink.mil/ra)

[www.dmdc.osd.mil/appj/trs/index.jsp](http://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
<i>Total</i>	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
<i>Total</i>	26,821	10,317	16,504	71,126

## **Fiscal Year 2006 Cost Data**

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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**

<b>Item</b>	<b>Actual Costs (\$ millions)</b>
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**

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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**

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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.