



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
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The Honorable Mike D. Rogers
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

SEP - 2 2025

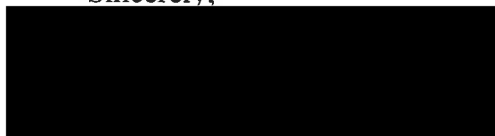
Dear Mr. Chairman:

The Department's response to House Report 118-125, pages 210-211, accompanying H.R. 2670, the National Defense Authorization Act for Fiscal Year 2024, "Report on Tricare Coverage Issues for National Guardsmen and Reservists," is enclosed. House Report 118-125, pages 210-211, requests that the Secretary of Defense submit a report assessing the costs and feasibility of expanding TRICARE Reserve Select (TRS) access and enrollment options for National Guard and Reserve members in certain situations.

TRS is currently authorized for members of the Selected Reserve (SELRES) of the Ready Reserve actively affiliated with a Reserve Component. Allowing TRS coverage for SELRES members in an active duty status would require SELRES members enrolled in TRS to incur deductibles and cost-shares not required of other Service members in an active duty status. It could also create an additional financial burden on all TRS enrollees and undermine the Services' ability to ensure Force Readiness. Lowering the TRS initial premium payment from 2 months to 1 month would impact the necessary measures in place to ensure seamless enrollment and coverage while subsequent, automated monthly premium payments are established. Separately, 10 U.S.C. § 1076d requires all TRS enrollees to pay an annual deductible.

Thank you for your continued strong support for our Service members and their families.

Sincerely,



Merlynn Carson, MD
Performing the Duties of the Deputy Under
Secretary of Defense for Personnel and
Readiness

Enclosure:
As stated

cc:
The Honorable Adam Smith
Ranking Member



Report to the Committee on Armed Services of the House of Representatives



Report on TRICARE Coverage Issues for National Guardsmen and Reservists

September 2025

The estimated cost of this report or study for the Department of Defense is approximately \$5,230 for the 2024 Fiscal Year. This includes \$0 in expenses and \$5,230 in DoD labor.
Generated on 2024Jul15 RefID: D-BAC34B3

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I. INTRODUCTION

This report is in response to House Report 118–125, pages 210-211, accompanying H.R. 2670, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2024, “Report on TRICARE Coverage Issues for National Guardsmen and Reservists,” which requests that the Secretary of Defense submit a report to the House Armed Service Committee addressing:

- (1) Expanding access to Tricare Reserve Select for 60 days for members of the National Guard and Reserves already covered by TRICARE Reserve Select as they transfer between components;
- (2) Allowing members of the National Guard and Reserves to maintain TRICARE Reserve Select coverage during active-duty service, and
- (3) Waiving the required TRICARE Reserve Select deductible and lowering the initial premium payment from a two- to one-month premium for individuals who already paid these fees and experience lapses in coverage due to active-duty service.

The Selected Reserve (SELRES) of the Ready Reserve, comprised of members of the National Guard and Reserve, collectively the Reserve Component (RC), may leave one SELRES Component to enlist with another for various reasons and circumstances. During these transitions, Service personnel actions may hinder TRICARE eligibility for those RC members choosing to transfer to another SELRES Component based on affiliation with the gaining Component, and depending on when that affiliation occurs. If an RC member is enrolled in TRICARE Reserve Select (TRS)¹ and there is no gap in affiliation with another SELRES Component, the member may continue TRS coverage.

Any Service member, including an RC member, serving on active duty for more than 30 consecutive days is considered an active duty Service member (ADSM) under 10 U.S.C. § 1074, and as such, is required to obtain healthcare through the Military Health System (MHS) utilizing the health plan for ADSMs (automatically established in the Defense Enrollment Eligibility Reporting System and enrolled in TRICARE Prime – Primary Care Manager (PCM) Unassigned) and follow TRICARE Prime rules when receiving medical care.

All premium-based TRICARE health plans, such as TRS, include an annual deductible, along with cost shares, co-pays, and catastrophic caps. When members of the SELRES end a period of active duty service of more than 30 days and are eligible to purchase TRS coverage, they are required by law to pay premiums between 1 and 3 months of coverage depending on when the TRS coverage request is made and how recurring automated payment methods for the subsequent months’ premiums are established.

¹ A premium-based health plan created by the NDAA for FY 2004 ((Public Law 108–136) to extend private sector health care claim coverage under title 10 to members of the SELRES of the Ready Reserve who otherwise do not qualify for title 10 benefits. Qualified members must enroll and pay monthly premiums to maintain coverage.

II. SUMMARY

In response to House Report 118–125, pages 210-211, accompanying H.R. 2670, the NDAA for FY 2024, the Department of Defense’s (DoD) conclusions are summarized here and discussed in detail in sections III through VI below:

1. Expanding TRS coverage for 60 days to Guard and Reserve members as they transfer between Components, and when they would be unaffiliated with an RC, would require amending current law. By law, to be eligible for TRS enrollment, a member must be of the SELRES of the Ready Reserve, actively affiliated with an RC.
2. Allowing TRS coverage for SELRES during active duty status would require SELRES members enrolled in TRS to have deductibles and cost-shares not required of other Service members in an active duty status. It could also create an additional financial burden on the entire cohort of TRS enrollees. TRS coverage for SELRES during active duty status would undermine the Services’ abilities to ensure Force Readiness.
3. Lowering the TRS initial premium from two months to one month would require a change in policy and impact the necessary measures in place to ensure seamless enrollment and coverage while subsequent, automated monthly premium payments are established. Separately, current law requires all TRS enrollees to pay an annual deductible and waiving the deductible would require amending this mandate.

Section III provides a synopsis of the history and evolution of the TRS benefit.

Section IV addresses issue number one from the report language above regarding expanding access to TRS by 60 days for members of the National Guard and Reserve already covered by TRS as they transfer between Components.

Section V addresses issue number two from the report language above regarding allowing members of the National Guard and Reserve to maintain TRS coverage during active duty service.

Section VI addresses issue number three from the report language above regarding waiving the required TRS deductible and lowering the initial premium payment from a 2- to 1-month premium for individuals who already paid these fees and experience coverage lapses due to active duty service.

III. TRS HISTORY

TRS was established by Congress under section 702 of the NDAA for FY 2004 (Public Law 108–136) to enable SELRES members to obtain TRICARE coverage when not in a period of active duty greater than 30 days. Previously, SELRES members only had access to TRICARE coverage while in a period of qualifying active duty of greater than 30 days.

Congress has long preserved the benefit of cost-free healthcare to ASDMs as a key recruitment and retention incentive. Expanding the TRICARE benefit to Service members during a period when the SELRES was undergoing a historic change in mobilization patterns was designed to address coverage disruptions when mobilizing and demobilizing while placing some cost-sharing burden on the RC members. Expanding the TRICARE benefit further served to address readiness concerns arising from uninsured members requiring significant healthcare services before being fit to deploy.

During the initial implementation years, the TRS program went through several iterations of eligibility criteria and premiums. Originally, only SELRES members ineligible for civilian healthcare coverage through their employer or eligible for unemployment compensation qualified for TRS. This was expanded in the Ronald W. Reagan NDAA for FY 2005 (Public Law 108–375) to include SELRES members mobilized for more than 90 consecutive days supporting a contingency operation. It was further expanded in the NDAA for FY 2006 (Public Law 109–163), which created a three-tiered premium program expanding access to all SELRES members, depending on their recent mobilization and deployment status, except those eligible for the Federal Employees Health Benefits Program (FEHBP).

Currently, pursuant to the John Warner NDAA for FY 2007 (Public Law 109–364), TRS premiums are 28 percent of program costs for all TRS enrollees, regardless of their tier. The NDAA for FY 2020 (Public Law 116–92) eliminated the FEHBP exclusion; however, this elimination is not effective until 2030. By 2030, all active SELRES members will be eligible for TRS regardless of employment status.

Current 2024 TRS monthly premiums are \$51.95 for a member, and \$256.87 for a member plus family, with deductibles and cost-shares. This provides a low-cost access option to the full TRICARE Select benefit and has continuous open enrollment provided the member is not currently in a lockout period. Monthly premium payments are required to maintain coverage, and TRS enrollees are also authorized to receive space-available care at military medical treatment facilities (MTFs).

IV. EXPANDING ACCESS TO TRS FOR 60 DAYS FOR MEMBERS OF THE NATIONAL GUARD AND RESERVE ALREADY COVERED BY TRS AS THEY TRANSFER BETWEEN COMPONENTS

Current statutory authority provides TRS coverage for RC members enrolled in TRS who transfer to another SELRES Component without a break in service between the SELRES Components and who maintain TRS eligibility. Extending TRS coverage to those RC members unaffiliated with a SELRES Component (i.e., during a break in service between SELRES Components) introduces complexities which make this infeasible.

For example, Service members who intend to transfer Components, but with a break in Service, may not have orders already issued by the receiving Service, thus eligibility would be unable to be determined. Or, if they have orders issued, those may be ultimately rescinded, which would revoke any coverage extended for that period, and leave the Service member liable for the full cost of any care received.

A. Coverage Under Current Law

By law, to be eligible for TRS enrollment, “a member must be of the Selected Reserve of the Ready Reserve of a Reserve Component RC of the armed forces.” Where a gap in affiliation with a SELRES Component exists, such as a gap in time between being released by one SELRES Component and obtaining a later Entry-On-Duty date with a different SELRES Component, the Service member may experience a lapse in TRICARE coverage (if not otherwise eligible under law).

B. Eligibility and Affiliation Rests Solely on Each Service and Their Personnel Community

If an RC member transfers to another SELRES Component and the affiliation is not immediate, but the gaining SELRES Component amends the transfer effective date to be instantaneous and eligibility for TRS is restored, the RC member may contact the member’s regional contractor and request that TRS coverage be retroactively reinstated. Otherwise, TRS enrollment is open continuously throughout the year and an RC member may request TRS coverage at any time once the member has reestablished eligibility for TRS enrollment.

RC members enrolled in, but who subsequently lose eligibility for, any TRICARE coverage, including TRS, may choose to enroll in the Continued Health Care Benefits Program, which is a full-cost premium-based health plan and provides coverage similar to TRICARE Select. RC members may also consider health insurance through their State exchange under the Affordable Care Act or other private-sector healthcare coverage available to them.

V. ALLOWING MEMBERS OF THE NATIONAL GUARD AND RESERVE TO MAINTAIN TRS COVERAGE DURING ACTIVE DUTY SERVICE

ADSM care is paid entirely by DoD appropriated funds with all ADSM care provided by MHS providers or referred to the private sector by the ADSM's MHS PCM under Supplemental Health Care Program (SHCP) authority. This care is provided at no cost to the Service member, provides additional coverages via waiver outside of the TRICARE Basic Benefit available through TRS coverage, and has specific program requirements to maintain Service member Readiness.

A. General Coverage Under Current Law

By law, RC members are entitled to full ADSM healthcare entitlements when activated under qualifying orders (generally defined as Federal active duty orders for periods of service greater than 30 days). These activations additionally extend full ADSM healthcare entitlements under certain circumstances for up to 180 days of coverage prior to activation under law for delayed-effective date orders.

When in a period of qualifying active duty or early-eligibility, RC members experience \$0 out-of-pocket expenses for covered TRICARE benefits or waived services (as outlined below) obtained either at MTFs or through private sector care.

B. SHCP Coverage

ADSMs, along with RC members qualifying as ADSMs due to qualifying orders, or with a Line-of-Duty² condition, receive private sector care under the SHCP. In addition to the TRICARE basic benefit available to all other enrolled beneficiaries, SHCP provides additional coverage for care which would otherwise not be covered under TRICARE using extant authorities available to the Department to approve via waiver processes.

C. Transition Assistance Management Program (TAMP) Coverage

Post-deactivation, qualifying Service members receive premium/enrollment-fee-free TRICARE coverage for 180 days under TAMP. Although this coverage does have some out-of-pocket costs, defined under law as the same as active duty family members (ADFMs), the lack of a premium or enrollment fee makes this period of coverage a lower-cost option to the Service members than TRS coverage.

D. Premium Impacts for TRS-Covered Beneficiaries

Unlike the premium-based TRS program, TRICARE Prime and TRICARE Select have enrollment fees set by law, with a baseline provided in statute and applicable inflation applied. There is no specific and directed correlation between the cost to provide the full benefit and individual enrollment fees borne by the enrollees.

² Illnesses, injuries, or diseases incurred or aggravated during a period of qualifying duty status that are not the result of gross negligence or misconduct of the individual, may be covered under title 10, chapter 55, "Medical and Dental Care."

By law, and in contrast to TRICARE Prime and TRICARE Select, TRS premiums are calculated as 28 percent of the actual cost of providing the TRS benefit to enrolled beneficiaries. Prior years' actual costs are used to calculate premiums for the following year, recalculated annually.

Due to the actuarial-based premium structure of TRS, allowing otherwise-ADSM-level qualified individuals to continue to hold TRS coverage during active duty service and have the costs of care they receive during that period (including those of severely wounded Service members from combat or training injury) covered by TRS would increase program premiums. The Department does not have an estimate of the impact but anticipates this change could pass significant additional financial burden to the entire cohort of TRS enrollees.

E. Readiness

Force readiness is a primary requirement for the Department. While activated as full ADSMs, RC Service members are subject to the same rules and regulations as all other ADSMs. TRICARE Prime, a PCM-centric model, with referrals for specialty care filtered through the PCM, is the primary avenue through which the Department can ensure a high state of force readiness. ADSMs are required to be, and are automatically enrolled in, TRICARE Prime.

Aside from having a higher level of benefit (e.g., cost-free for the RC member) while covered by TRICARE Prime, the TRICARE Prime program enables the Services to maintain oversight and manage members' care, ensuring they maintain readiness for the supported mission, via coordination of referrals and authorizations. This factor is significant to the Combatant Commands that proves most practical in providing greater assurance RC members are maintaining readiness requirements for the mission they are supporting.

In contrast, TRS provides access to the self-managed TRICARE Select benefit and features generally full access to elective procedures absent oversight and management by a PCM. Allowing members of the National Guard and Reserve to maintain and utilize TRS coverage during activation would undermine the Services' abilities to maintain current readiness status for imminently deploying personnel.

F. Costs

As of January 31, 2025, there were a total of 167,343 TRS enrollments; 25,101 Member Only and 142,242 Member and Family. For Calendar Year (CY) 2025, monthly premiums for Member Only coverage are \$53.80 and \$274.48 for Member and Family coverage.

The cost impact to the Government associated with permitting SELRES members on active duty for periods of more than 30 days, to remain enrolled in TRS, is projected at \$41.7 million a month/\$500 million a year for Member Only coverage and \$1.20 billion a month/\$14.4 billion a year for Member and Family coverage.

The average Government cost for each SELRES member on active duty for more than 30 days, which reflects enrollment in TRICARE Prime or TRICARE Prime Remote and includes both direct care and private sector care costs, is estimated at \$5,659 for CY 2025.

VI. WAIVING THE REQUIRED TRICARE RESERVE SELECT DEDUCTIBLE AND LOWERING THE INITIAL PREMIUM PAYMENT FROM A TWO-TO ONE-MONTH PREMIUM FOR INDIVIDUALS WHO HAVE ALREADY PAID THESE FEES AND EXPERIENCE LAPSES IN COVERAGE DUE TO ACTIVE DUTY SERVICE

The Defense Health Agency (DHA) has, to the maximum extent practicable, addressed both concerns. As outlined below, beneficiaries with multiple TRS enrollment segments within the same CY are not subject to a new deductible for the later enrollment segments.

The pre-payment of premiums ensures that a Service member does not lose coverage before automatic payments can be set up for their account. Beneficiaries who enroll telephonically may be able to pay as low as one month of premiums if the TRICARE contractor is able to establish their automatic payment set-up earlier.

Crucially, there are no “fees” or an “account balance” maintained. Pre-paid premiums are used during the periods of coverage, and any excess payments are refunded to the Service member when activated (i.e. for a mid-month activation qualifying for full TRICARE Prime coverage, the remaining pro-rated premium for TRS for the remainder of that month is automatically refunded to the Service member).

A. Waiver of Deductible for Multiple Enrollment Segments Within the Same CY

The section 704 of the NDAA for FY 2005 waived the annual TRICARE Select deductible for RC family members who became eligible because of their sponsor’s activation for more than 30 days in support of a contingency operation. Section 748 of the NDAA for FY 2017 (Public Law 114–328) eliminated the requirement that the active duty be in support of a contingency operation requirement. This effort by Congress was helpful, considering how RC members have been coming off multiple deployments within one year during the numerous activations in support of contingencies and pre-planned missions by various Commands over the last two decades.

Annual deductibles and monthly premiums aid with offsetting the cost to the Government. The Government subsidizes 72 percent of monthly premiums to provide TRS coverage to members of the SELRES and their eligible family members. Monthly premiums do not contribute toward the annual deductible. Annual TRS deductibles are based on the SELRES member’s rank:

TRS Annual Deductible	Member Only	Member and Family
E-1 through E-5	\$62.00	\$125.00
E-6 and above	\$188.00	\$377.00

Additionally, point-of-service options for ADFMs while enrolled in TRICARE Prime, with separate deductible and cost-shares applicable, do not count towards the TRS deductible. Overall, a TRICARE beneficiary should experience no higher deductible, in addition to the catastrophic cap, over the course of a CY than that applicable to the sponsor's rank, should they not have also utilized the point-of-service option.

TRS enrollments as of January 31, 2025, and the Government's cost to subsidize TRS deductibles are in the following table. The enrollment numbers include both Member Only and Member and Family health plans.

	TRS enrollments	Deductibles (estimated in millions)
E-1 through E-5	25,101	\$1.6- \$3.1
E-6 and above	142,242	\$26.7 - \$53.6

B. Lowering the Initial Premium Payment from a 2 to 1-Month Premium for Individuals Who Have Already Paid these Fees and Experience Lapses in Coverage Due to Active Duty Service

By law, TRICARE is unable to extend coverage or pay claims during any period where a beneficiary has not paid the required enrollment fee or premium. When RC members enroll in TRS, the initial premium payment includes pre-payment of 2 months of premium to prevent loss of coverage before automatic payments are set up and effective.

DHA has instructed the Managed Care Support Contractors to accept only the minimum amount of payment necessary to establish automatic payments in their systems. Beneficiaries who enroll telephonically may pay a single month when the automatic payment can also be established.

Notably, RC members have up to 90 days after a Qualifying Life Event, such as the deactivation from active duty orders for more than 30 days or TAMP coverage expiration, to change TRICARE health plans with no coverage gaps. Consequently, a deactivating RC member has up to 90 days after deactivation (or TAMP expiration, when applicable) to elect TRS enrollment, if eligible, *and* have the effective date retroactive to their loss of TRICARE Prime coverage. In these cases, premiums for the entire retroactive period need to be paid by the RC member (e.g., RC members who request TRS coverage 85 days after their active duty deactivation or TAMP expiration and desire coverage to be retroactive with no gap in TRICARE coverage, would be required to pay 3 months of TRS premiums for the retroactive coverage, in addition to pre-paying for current/following month). Alternatively, under continuous open enrollment, as outlined above, a Service member who is not otherwise locked out may elect to enroll with a future enrollment effective date with a gap in coverage.

VII. EXPANDING ACCESS TO TRS FOR 60 DAYS FOR MEMBERS OF THE NATIONAL GUARD AND RESERVE RC WHO TRANSFER BETWEEN COMPONENTS

Current statutory authority provides TRS coverage for RC members who transfer between Components, as long as they remained affiliated. The committee also inquired about RC members maintaining TRS coverage while on active duty orders for more than 30 days. There are two distinct and separate statutes that govern healthcare for RC members covered by TRS and those Service members eligible as an ADSM. ADSMs receive healthcare at no cost, while RC members covered by TRS incur copays or cost-shares and deductibles. Allowing RC members to utilize TRS coverage while in a duty status as an ADSM, would increase health plan premiums and pass an additional financial burden to the entire cohort of those enrolled in TRS. Requiring RC members in an ADSM status to utilize TRICARE Prime coverage permits the Services and Combatant Commands to have oversight of their Service members' healthcare and ensure they maintain Readiness requirements in support of their mission. Regarding the Committee's inquiry about waiving the required deductible and lowering the initial premium payment of 2 months to 1 month, the Department determined based on past experience with TRS disenrollments that a 2-month premium payment when initially enrolling in TRS is necessary to ensure coverage remains for the second month while the recurring automated payment is established by the contractor. Regarding waiving the deductible for TRS, the current authority requires an annual deductible under cost sharing requirements for TRICARE Select coverage that covers the TRS health plan.