

106TH CONGRESS  
2D SESSION

# S. 2013

To restore health care equity for Medicare-eligible uniformed services retirees,  
and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JANUARY 27, 2000

Mr. LOTT (for Mr. MCCAIN) introduced the following bill; which was read  
twice and referred to the Committee on Armed Services

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## A BILL

To restore health care equity for Medicare-eligible uniformed  
services retirees, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Honoring Health Care  
5       Commitments to Servicemembers Past and Present Act of  
6       2000”.

1 **SEC. 2. SENSE OF SENATE ON HEALTH CARE FOR MEM-**  
2 **BERS OF THE UNIFORMED SERVICES WHO**  
3 **FIRST BECAME MEMBERS BEFORE JUNE 7,**  
4 **1956, AND THEIR DEPENDENTS.**

5 It is the sense of the Senate that—

6 (1) urgent priority should be given to the enact-  
7 ment of legislation that provides health care cov-  
8 erage for Medicare-eligible members and former  
9 members of the uniformed services who first became  
10 members of the uniformed services before June 7,  
11 1956, and for their dependents, at no cost to such  
12 members, former members, and dependents; and

13 (2) the bill proposing to provide the health care  
14 coverage described in paragraph (1), which has been  
15 introduced in the Senate, should—

16 (A) receive priority of consideration by the  
17 committee of the Senate having jurisdiction  
18 over the bill; and

19 (B) become the pending business of the  
20 Senate immediately after its reporting to the  
21 Senate by the committee of the Senate de-  
22 scribed in paragraph (1).

1 **SEC. 3. PARTICIPATION OF MEDICARE-ELIGIBLE BENE-**  
2 **FICIARIES IN CERTAIN DEPARTMENT OF DE-**  
3 **FENSE PHARMACY PROGRAMS.**

4 (a) IN GENERAL.—Not later than October 1, 2000,  
5 the Secretary of Defense shall—

6 (1) expand and make permanent the dem-  
7 onstration project for pharmaceuticals by mail estab-  
8 lished under subsection (a) of section 702 of the Na-  
9 tional Defense Authorization Act for Fiscal Year  
10 1993 (10 U.S.C. 1079 note) in order to permit indi-  
11 viduals described in subsection (b) worldwide to ob-  
12 tain pharmaceuticals through the project; and

13 (2) modify each managed health care program  
14 which includes a managed care network of commu-  
15 nity retail pharmacies under subsection (b) of such  
16 section 702 to supply prescription pharmaceuticals  
17 to the individuals described in subsection (b) of this  
18 section through such network in the area covered by  
19 such program.

20 (b) ELIGIBLE INDIVIDUALS.—(1) Except as provided  
21 in paragraph (2), an individual eligible to obtain pharma-  
22 ceuticals under this section is a member or former member  
23 of the uniformed services described in section 1074(b) of  
24 title 10, United States Code, a dependent of a member  
25 described in subsection (a)(2)(B) or (b) of section 1076  
26 of that title, or a dependent of a member who died while

1 on active duty for a period of more than 30 days, who  
2 is entitled to hospital insurance benefits under part A of  
3 title XVIII of the Social Security Act (42 U.S.C. 1395  
4 et seq.).

5 (2) An individual described in paragraph (1) is not  
6 eligible to obtain pharmaceuticals under this section if the  
7 individual is covered by a health benefits plan offered  
8 through the Federal Employees Health Benefits program,  
9 whether as an employee under chapter 89 of title 5,  
10 United States Code, or pursuant to section 1108 of title  
11 10, United States Code.

12 (c) FEES AND CHARGES.—(1) Subject to paragraph  
13 (2), the amount of the deductible, copayment, annual fee,  
14 or other fee, if any, paid by an eligible individual described  
15 in subsection (b) who obtains a pharmaceutical under this  
16 section through the project referred to in subsection (a)(1)  
17 or a retail pharmacy network referred to in subsection  
18 (a)(2) shall not exceed the amount of the deductible copay-  
19 ment, annual fee, or other fee paid by other persons for  
20 such pharmaceutical through the project or the pharmacy  
21 network, as the case may be.

22 (2) An eligible individual described in subsection (b)  
23 shall not be charged an enrollment fee for participation  
24 in the project or a retail pharmacy network under this sec-  
25 tion.

1       (3) The Secretary of Defense may not establish or  
 2 collect any new fee or charge under the project referred  
 3 to in subsection (a)(1), or any retail pharmacy network  
 4 referred to in subsection (a)(2), by reason of the partici-  
 5 tion of eligible individuals described in subsection (b) in  
 6 the project or network under this section.

7 **SEC. 4. NATIONWIDE EXPANSION OF MEDICARE SUB-**  
 8 **VENTION.**

9       (a) PARTICIPANTS.—Effective October 1, 2000, sub-  
 10 section (a)(4) of section 1896 of the Social Security Act  
 11 (42 U.S.C. 1395ggg) is amended by adding after subpara-  
 12 graph (D) the following new flush matter:

13       “Notwithstanding the first sentence of this subpara-  
 14 graph, the term does not include any individual who  
 15 is covered by a health benefits plan offered through  
 16 the Federal Employees Health Benefits program,  
 17 whether as an employee under chapter 89 of title 5,  
 18 United States Code, or pursuant to section 1108 of  
 19 title 10, United States Code.”.

20       (b) REPEAL OF LIMITATION ON NUMBER OF  
 21 SITES.—Effective October 1, 2000, paragraph (2) of sec-  
 22 tion 1896(b) of such Act is amended to read as follows:

23       “(2) LOCATION OF SITES.—

1           “(A) IN GENERAL.—The program shall be  
2           conducted in any site designated jointly by the  
3           administering Secretaries.

4           “(B) FEE-FOR-SERVICE.—If feasible, at  
5           least 1 of the sites designated under subpara-  
6           graph (A) shall be conducted using the fee-for-  
7           service reimbursement method described in sub-  
8           section (l)(1).

9           “(C) UNIFORMED SERVICES TREATMENT  
10          FACILITIES.—If feasible, designated providers  
11          covered by section 722 of the National Defense  
12          Authorization Act for 1997 (Public Law 104–  
13          201; 10 U.S.C. 1073 note) shall be included  
14          among the sites designated by the admin-  
15          istering Secretaries.”.

16          (c) MAKING PROJECT PERMANENT; CHANGES IN  
17          PROJECT REFERENCES.—

18               (1) ELIMINATION OF TIME LIMITATION.—Para-  
19          graph (4) of section 1896(b) of such Act is repealed.

20               (2) CONFORMING CHANGES OF REFERENCES TO  
21          DEMONSTRATION PROJECT.—Section 1896 of such  
22          Act is further amended—

23                       (A) in the heading, by striking “DEM-  
24          ONSTRATION PROJECT” and inserting  
25          “PROGRAM”;

1 (B) by amending subsection (a)(2) to read  
2 as follows:

3 “(2) PROGRAM.—The term ‘program’ means  
4 the program carried out under this section.”;

5 (C) in the heading to subsection (b), by  
6 striking “DEMONSTRATION PROJECT” and in-  
7 serting “PROGRAM”;

8 (D) by striking “demonstration project” or  
9 “project” each place either appears and insert-  
10 ing “program”; and

11 (E) in subsection (k)(2)—

12 (i) in the heading, by striking “EX-  
13 TENSION AND EXPANSION OF DEMONSTRA-  
14 TION PROJECT” and inserting “PROGRAM”;  
15 and

16 (ii) by striking subparagraphs (A)  
17 through (C) and inserting the following:

18 “(A) whether there is a cost to the health  
19 care program under this title in conducting the  
20 program under this section; and

21 “(B) whether the terms and conditions of  
22 the program should be modified.”.

23 (3) REPEAL OF OBSOLETE REPORTING RE-  
24 QUIREMENT.—Paragraph (5) of section 1896(b) of  
25 such Act is repealed.

1 (d) CORRECTION OF REFERENCE TO MEDICARE-ELI-  
 2 GIBLE RETIREES.—Section 1896 of such Act is further  
 3 amended—

4 (1) in the heading, by striking “MILITARY  
 5 RETIREES” and inserting “UNIFORMED SERV-  
 6 ICES RETIREES”;

7 (2) in paragraph (4) of subsection (a)—

8 (A) in the caption, by striking “MILITARY  
 9 RETIREE” and inserting “UNIFORMED SERV-  
 10 ICES RETIREE”; and

11 (B) by striking “military retiree” and in-  
 12 serting “uniformed services retiree”; and

13 (3) by striking “military retirees” each place it  
 14 appears and inserting “uniformed services retirees”.

15 (e) PERMITTING PAYMENT ON A FEE-FOR-SERVICE  
 16 BASIS.—

17 (1) IN GENERAL.—Section 1896 of the Social  
 18 Security Act is further amended by adding at the  
 19 end the following new subsection:

20 “(1) REIMBURSEMENT ON FEE-FOR-SERVICE  
 21 BASIS.—

22 “(1) REIMBURSEMENT AT DESIGNATED  
 23 SITES.—In the case of a Medicare health care serv-  
 24 ice provided at a site, if any, designated for oper-  
 25 ation under the fee-for-service model under sub-



1 section (b)(2)(B), the Secretary shall reimburse the  
 2 Secretary of Defense at a rate equal to 95 percent  
 3 of the amount that otherwise would be payable  
 4 under this title on a noncapitated basis for the serv-  
 5 ice if the site were not part of the program under  
 6 this section.

7 “(2) REIMBURSEMENT FOR UNENROLLED INDIVIDUALS.—Notwithstanding subsection (i), in the  
 8 case of Medicare-eligible uniformed services retirees  
 9 or dependents who are not enrolled in the program  
 10 under this section, the Secretary may reimburse the  
 11 Secretary of Defense for Medicare health care serv-  
 12 ices provided to such retirees or dependents at a  
 13 military treatment facility under the program at a  
 14 rate that does not exceed the rate of payment that  
 15 would otherwise be made under this title for such  
 16 services.  
 17

18 “(3) INAPPLICABILITY OF LIMITATIONS ON  
 19 FEDERAL PAYMENTS.—Sections 1814(c) and  
 20 1835(d), and paragraphs (2) and (3) of section  
 21 1862(a), do not apply to the making of payments  
 22 under this subsection.”.

23 (2) CONFORMING AMENDMENTS.—Such section  
 24 is further amended—

1 (A) in subsections (b)(1)(B)(v) and  
2 (b)(1)(B)(viii)(I), by inserting “or subsection  
3 (l)” after “subsection (i)”;

4 (B) in subsection (d)(1)(A), by inserting  
5 “(insofar as it provides for the enrollment of in-  
6 dividuals and payment on the basis described in  
7 subsection (i))” before “shall meet”;

8 (C) in subsection (d)(1)(A), by inserting  
9 “and the program (insofar as it provides for  
10 payment for Medicare health care services pro-  
11 vided at a military treatment facility on the  
12 basis described in subsection (l)) shall meet all  
13 requirements that are applicable to facilities  
14 that provide such services under this title” after  
15 “Medicare payments”;

16 (D) in subsection (d)(2), by inserting “, in-  
17 sofar as it provides for the enrollment of indi-  
18 viduals and payment on the basis described in  
19 subsection (i),” before “shall comply”;

20 (E) in subsection (g)(1), by inserting “in-  
21 sofar as it provides for the enrollment of indi-  
22 viduals and payment on the basis described in  
23 subsection (i),” before “the Secretary of De-  
24 fense”;

1 (F) in subsection (i)(1), by inserting “and  
2 subsection (l)” after “of this subsection”;

3 (G) in subsection (i)(4), by inserting “and  
4 subsection (l)” after “under this subsection”;  
5 and

6 (H) in subsection (j)(2)(B)(ii), by inserting  
7 “or subsection (l)” after “subsection (i)(1)”.

8 (3) EFFECTIVE DATE.—The amendments made  
9 by this subsection take effect on October 1, 2000,  
10 and apply to services furnished on or after such  
11 date.

12 (f) ELIMINATION OF RESTRICTION ON ELIGI-  
13 BILITY.—Section 1896(b)(1) of such Act is amended by  
14 adding at the end the following new subparagraph:

15 “(C) ELIMINATION OF RESTRICTIVE POL-  
16 ICY.—If the enrollment capacity in the program  
17 has been reached at a particular site designated  
18 under paragraph (2) and the Secretary there-  
19 fore limits enrollment at the site to medicare-  
20 eligible uniformed services retirees and depend-  
21 ents who are enrolled in TRICARE Prime (as  
22 defined for purposes of chapter 55 of title 10,  
23 United States Code) at the site immediately be-  
24 fore attaining 65 years of age, participation in  
25 the program by a retiree or dependent at such

1           site shall not be restricted based on whether the  
 2           retiree or dependent has a civilian primary care  
 3           manager instead of a military primary care  
 4           manager.”.

5           (g) MEDIGAP PROTECTION FOR ENROLLEES.—Sec-  
 6           tion 1896 of such Act is further amended by adding at  
 7           the end the following new subsection:

8           “(m) MEDIGAP PROTECTION FOR ENROLLEES.—

9           “(1) IN GENERAL.—Subject to paragraph (2),  
 10          the provisions of section 1882(s)(3) (other than  
 11          clauses (i) through (iv) of subparagraph (B)) and  
 12          section 1882(s)(4) shall apply to any enrollment  
 13          (and termination of enrollment) in the program (for  
 14          which payment is made on the basis described in  
 15          subsection (i)) in the same manner as they apply to  
 16          enrollment (and termination of enrollment) with a  
 17          Medicare+Choice       organization       in       a  
 18          Medicare+Choice plan.

19          “(2) RULE OF CONSTRUCTION.—In applying  
 20          paragraph (1)—

21               “(A) in the case of enrollments occurring  
 22               before October 1, 2000, any reference in clause  
 23               (v) or (vi) of section 1882(s)(3)(B) to 12  
 24               months is deemed a reference to the period end-  
 25               ing on September 30, 2001; and

1 “(B) the notification required under sec-  
 2 tion 1882(s)(3)(D) shall be provided in a man-  
 3 ner specified by the Secretary of Defense in  
 4 consultation with the Secretary.”.

5 **SEC. 5. INCLUSION OF MEDICARE-ELIGIBLE UNIFORMED**  
 6 **SERVICES BENEFICIARIES IN FEDERAL EM-**  
 7 **PLOYEES HEALTH BENEFITS PROGRAM.**

8 (a) FEHBP OPTION.—(1) Section 1108 of title 10,  
 9 United States Code, is amended to read as follows:

10 **“§ 1108. Health care coverage through Federal Em-**  
 11 **ployees Health Benefits program**

12 “(a) FEHBP OPTION.—(1) The Secretary of De-  
 13 fense, after consulting with the other administering Secre-  
 14 taries, shall enter into an agreement with the Office of  
 15 Personnel Management under which a Medicare-eligible  
 16 covered beneficiary described in subsection (b) will be of-  
 17 fered an opportunity to enroll in a health benefits plan  
 18 offered through the Federal Employees Health Benefits  
 19 program under chapter 89 of title 5.

20 “(2) The agreement may provide for limitations on  
 21 enrollment of Medicare-eligible covered beneficiaries in the  
 22 Federal Employees Health Benefits program if the Office  
 23 of Personnel Management determines the limitations are  
 24 necessary to allow for adequate planning for access for

1 services under the Federal Employees Health Benefits  
2 program.

3 “(b) MEDICARE-ELIGIBLE COVERED BENEFICIARY  
4 DESCRIBED.—A Medicare-eligible covered beneficiary re-  
5 ferred to in subsection (a) is a covered beneficiary under  
6 this chapter who for any reason is or becomes entitled to  
7 hospital insurance benefits under part A of title XVIII of  
8 the Social Security Act (42 U.S.C. 1395 et seq.). The cov-  
9 ered beneficiary shall not be required to satisfy any eligi-  
10 bility criteria specified in chapter 89 of title 5 as a condi-  
11 tion for enrollment in a health benefits plan offered  
12 through the Federal Employees Health Benefits program  
13 pursuant to subsection (a).

14 “(c) LIMITATIONS ON ENROLLMENT.—The number  
15 of Medicare-eligible covered beneficiaries enrolled in the  
16 Federal Employees Health Benefits program under this  
17 section shall not exceed 275,000.

18 “(d) CONTINUED PARTICIPATION IN UNIFORMED  
19 SERVICES HEALTH SYSTEM.—(1) A Medicare-eligible cov-  
20 ered beneficiary who enrolls in the Federal Employees  
21 Health Benefits program under this section shall not be  
22 eligible to receive health care under section 1086 or 1097  
23 of this title.

24 “(2)(A) Subject to such limitations as the Secretary  
25 of Defense, after consultation with the other administering

1 Secretaries, a Medicare-eligible covered beneficiary de-  
 2 scribed in paragraph (1) may continue to receive health  
 3 care in a military medical treatment facility on a space  
 4 available basis.

5 “(B) A treatment facility providing care under sub-  
 6 paragraph (A) shall be reimbursed by the Federal Em-  
 7 ployees Health Benefits program for the cost of such care  
 8 at rates not to exceed the rates of reimbursement for such  
 9 care under the program if such care had been provided  
 10 by a health care provider other than the treatment facility.

11 “(e) LIMITATIONS ON OTHER HEALTH CARE COV-  
 12 ERAGE.—(1) A Medicare-eligible covered beneficiary who  
 13 is covered by a health benefits plan through the Federal  
 14 Employees Health Benefits program under subsection (a)  
 15 may not, during a period of coverage under such plan  
 16 under this section—

17 “(A) be enrolled in a health benefits plan under  
 18 the Federal Employees Health Benefits program as  
 19 an employee under chapter 89 of title 5;

20 “(B) be enrolled in the Medicare subvention  
 21 program for military retirees under section 1896 of  
 22 the Social Security Act (42 U.S.C. 1395ggg);

23 “(C) otherwise obtain pharmaceuticals by mail  
 24 under section 702(a) of Public Law 102–484 (10  
 25 U.S.C. 1079 note) pursuant to section 3(a)(1) of the

1 Honoring Health Care Commitments to  
2 Servicemembers Past and Present Act of 2000; or

3 “(D) otherwise obtain pharmaceuticals through  
4 a network of retail pharmacies under section 702(b)  
5 of Public Law 102–484 pursuant to section 3(a)(2)  
6 of the Honoring Health Care Commitments to  
7 Servicemembers Past and Present Act of 2000.

8 “(2) A Medicare-eligible covered beneficiary who is  
9 also eligible for participation in the Federal Employees  
10 Health Benefits program as an employee under chapter  
11 89 of title 5 shall participate in the program, if at all,  
12 under that chapter.

13 “(f) CONTRIBUTIONS.—(1) In the case of a Medicare-  
14 eligible covered beneficiary who enrolls in a health benefits  
15 plan offered through the Federal Employees Health Bene-  
16 fits program pursuant to subsection (a), the administering  
17 Secretary concerned shall be responsible for Government  
18 contributions that the Office of Personnel Management  
19 determines are necessary to cover all costs in excess of  
20 beneficiary contributions under paragraph (2).

21 “(2) The contribution required from the enrolled  
22 Medicare-eligible covered beneficiary shall be equal to the  
23 amount that would be withheld from the pay of a similarly  
24 situated Federal employee who enrolls in a health benefits  
25 plan under chapter 89 of title 5.



1       “(g) MANAGEMENT OF PARTICIPATION.—(1) If an  
2 enrolled Medicare-eligible covered beneficiary is a member  
3 or former member of the uniformed services described in  
4 section 1074(b) of this title, the authority responsible for  
5 approving retired or retainer pay or equivalent pay for the  
6 member or former member shall manage the participation  
7 of the enrolled member or former member in a health ben-  
8 efits plan offered through the Federal Employees Health  
9 Benefits program pursuant to subsection (a).

10       “(2) If an enrolled Medicare-eligible covered bene-  
11 ficiary is a dependent of a member or former member, the  
12 authority that is, or would be, responsible for approving  
13 retired or retainer pay or equivalent pay for the member  
14 or former member shall manage the participation of the  
15 dependent in a health benefits plan offered through the  
16 Federal Employees Health Benefits program under sub-  
17 section (a).

18       “(3) The Office of Personnel Management shall  
19 maintain separate risk pools for enrolled Medicare-eligible  
20 covered beneficiaries until such time as the Director of the  
21 Office of Personnel Management determines that complete  
22 inclusion of enrolled Medicare-eligible covered beneficiaries  
23 under chapter 89 of title 5 will not adversely affect Fed-  
24 eral employees and annuitants enrolled in health benefits  
25 plans under such chapter.

1       “(h) EFFECT OF CANCELLATION.—The cancellation  
2 by a Medicare-eligible covered beneficiary of coverage  
3 under the Federal Employees Health Benefits program  
4 under this section shall be irrevocable for purposes of this  
5 section.

6       “(i) REPORTING REQUIREMENTS.—Not later than  
7 November 1 of each year, the administering Secretaries  
8 and the Director of the Office of Personnel Management  
9 shall jointly submit to Congress a report describing the  
10 provision of health care services to Medicare-eligible cov-  
11 ered beneficiaries under this section during the preceding  
12 fiscal year. The report shall address or contain the fol-  
13 lowing:

14               “(1) The number of Medicare-eligible covered  
15 beneficiaries enrolled in health benefits plans offered  
16 through the Federal Employees Health Benefits pro-  
17 gram pursuant to subsection (a), both in terms of  
18 total number and as a percentage of all Medicare-  
19 eligible covered beneficiaries receiving health care  
20 through the health care system of the uniformed  
21 services.

22               “(2) The out-of-pocket cost to enrolled Medi-  
23 care-eligible covered beneficiaries under such health  
24 benefits plans.

1           “(3) The cost to the Government (including the  
2       Department of Defense, the Department of Trans-  
3       portation, and the Department of Health and  
4       Human Services) of providing care under such  
5       health benefits plans as a result of this section.

6           “(4) A comparison of the costs determined  
7       under paragraphs (2) and (3) and the costs that  
8       would have otherwise been incurred by the Govern-  
9       ment and enrolled Medicare-eligible covered bene-  
10      ficiaries under alternative health care options avail-  
11      able to the administering Secretaries.

12          “(5) The effect of this section on the cost, ac-  
13      cess, and utilization rates of other health care op-  
14      tions under the health care system of the uniformed  
15      services.

16          “(j) TIME FOR OPTION.—The Secretary of Defense  
17      shall begin to offer the health benefits option under sub-  
18      section (a) on January 1, 2001, with an initial open enroll-  
19      ment period conducted in the fall of 2000.”.

20          (2) The item relating to section 1108 in the table of  
21      sections at the beginning of such chapter is amended to  
22      read as follows:

“1108. Health care coverage through Federal Employees Health Benefits pro-  
gram.”.

23          (b) CONFORMING AMENDMENTS.—Chapter 89 of  
24      title 5, United States Code, is amended—

1 (1) in section 8905—

2 (A) by redesignating subsections (d)  
3 through (f) as subsections (e) through (g), re-  
4 spectively; and

5 (B) by inserting after subsection (c) the  
6 following:

7 “(d) Subject to subsection (e) of section 1108 of title  
8 10, an individual whom an administering Secretary (as de-  
9 fined in section 1073 of such title) determines is a Medi-  
10 care-eligible covered beneficiary under subsection (b) of  
11 such section 1108 may enroll in a health benefits plan  
12 under this chapter in accordance with the agreement en-  
13 tered into under subsection (a) of such section 1108 be-  
14 tween the Secretary of Defense and the Office and in ac-  
15 cordance with applicable regulations under this chapter.”;

16 (2) in section 8906(b), by striking paragraph  
17 (4) and inserting the following new paragraph (4):

18 “(4) In the case of individuals who enroll in a health  
19 plan in accordance with section 8905(d) of this title, the  
20 Government contribution shall be determined under sec-  
21 tion 1108(f) of title 10.”; and

22 (3) in section 8906(g), by striking paragraph  
23 (3) and inserting the following new paragraph (3):

24 “(3) The Government contribution described in sub-  
25 section (b)(4) for beneficiaries who enroll in accordance

1 with section 8905(d) of this title shall be paid as provided  
 2 in section 1108(f) of title 10.”.

3 **SEC. 6. ELIMINATION OF COPAYMENTS, DEDUCTIBLES, AND**  
 4 **OTHER FEES FOR CARE FOR DEPENDENTS**  
 5 **UNDER TRICARE PRIME.**

6 (a) ELIMINATION.—Section 1097a of title 10, United  
 7 States Code, is amended—

8 (1) by redesignating subsections (d) and (e) as  
 9 subsections (e) and (f), respectively; and

10 (2) by inserting after subsection (c) the fol-  
 11 lowing new subsection (d):

12 “(d) PROHIBITION ON COPAYMENTS AND OTHER  
 13 FEES FOR CARE FOR DEPENDENTS.—No copayment, de-  
 14 ductible, annual fee, or other fee may be collected for or  
 15 with respect to any medical care provided a dependent (as  
 16 described in subparagraph (A), (D), or (I) of section  
 17 1072(2) of this title) of a member of the uniformed serv-  
 18 ices who is enrolled in TRICARE Prime.”.

19 (b) CONFORMING AND CLERICAL AMENDMENTS.—

20 (1) The section heading of such section is amended by  
 21 adding at the end the following: “; **prohibition on**  
 22 **fees for certain beneficiaries**”.

23 (2) The item relating to such section at the beginning  
 24 of chapter 55 of such title is amended by inserting before

1 the period the following: “; prohibition on fees for certain  
2 beneficiaries”.

3 **SEC. 7. HEALTH CARE COVERAGE OF IMMEDIATE FAMILY**  
4 **MEMBERS UNDER PROGRAM FOR MEMBERS**  
5 **ASSIGNED TO CERTAIN DUTY LOCATIONS**  
6 **FAR FROM CARE.**

7 Section 1079 of title 10, United States Code, is  
8 amended by adding at the end the following:

9 “(p)(1)(A) Subject to such exceptions as the Sec-  
10 retary of Defense considers necessary, coverage for med-  
11 ical care under this section for the dependents referred  
12 to in subsection (a) of a member of the armed forces cov-  
13 ered by section 1074(c) of this title who are residing with  
14 the member, and standards with respect to timely access  
15 to such care, shall be comparable to coverage for medical  
16 care and standards for timely access to such care under  
17 the managed care option of the TRICARE program known  
18 as TRICARE Prime.

19 “(B) No copayment, deductible, or annual fee may  
20 be collected for or with respect to any medical care pro-  
21 vided a dependent under subparagraph (A).

22 “(2) The Secretary of Defense shall enter into ar-  
23 rangements with contractors under the TRICARE pro-  
24 gram or with other appropriate contractors for the timely  
25 and efficient processing of claims under this subsection.

1 “(3) The Secretary of Defense may not require de-  
 2 pendants referred to in subsection (a) of a member of the  
 3 armed forces described in section 1074(c)(3)(B) of this  
 4 title to receive routine primary medical care at a military  
 5 medical treatment facility.”.

6 **SEC. 8. UNIFORMED SERVICES RETIREE HEALTH CARE AC-**  
 7 **COUNT.**

8 (a) ESTABLISHMENT.—Chapter 55 of title 10,  
 9 United States Code, is amended by adding at the end the  
 10 following new section:

11 **“§ 1110. Uniformed Services Retiree Health Care Ac-**  
 12 **count**

13 “(a) ESTABLISHMENT.—There is established in the  
 14 Treasury an account to be known as ‘Uniformed Services  
 15 Retiree Health Care Account’ (in this section referred to  
 16 as the ‘Account’).

17 “(b) TRANSFERS TO ACCOUNT.—There shall be  
 18 transferred to the Account any unexpired funds (as deter-  
 19 mined by the Secretary of Defense, after consultation with  
 20 the other administering Secretaries) in the Defense Health  
 21 Program account that, as a result of economies, effi-  
 22 ciencies, and other savings achieved in the medical care  
 23 and health care programs of the Department of Defense,  
 24 are excess to the requirements of such programs.

1       “(c) USE OF FUNDS.—(1) Amounts in the Account  
 2 may be used for purposes of covering the costs incurred  
 3 by the Secretary of Defense and the other administering  
 4 Secretaries in administering section 1108 of this title and  
 5 the provisions of the Honoring Health Care Commitments  
 6 to Servicemembers Past and Present Act of 2000 (includ-  
 7 ing the amendments made by that Act).

8       “(2) Notwithstanding any other provision of law,  
 9 amounts in the Account shall remain available until ex-  
 10 pended.

11       “(d) UNEXPIRED FUNDS DEFINED.—In this section,  
 12 the term ‘unexpired funds’ means funds appropriated for  
 13 a definite period of time that remain available for obliga-  
 14 tion.”.

15       (b) CLERICAL AMENDMENT.—The table of sections  
 16 at the beginning of such chapter is amended by adding  
 17 at the end the following new item:

“1110. Uniformed Services Retiree Health Care Account.”.

18       **SEC. 9. CONTRACT AUTHORITY FOR RECOVERY OF OVER-**  
 19                                   **PAYMENTS UNDER THE TRICARE PROGRAM.**

20       Section 1097b of title 10, United States Code, is  
 21 amended by adding at the end the following new sub-  
 22 section:

23       “(d) CONTRACT AUTHORITY FOR RECOVERY OF  
 24 OVERPAYMENTS.—The Secretary of Defense may enter  
 25 into contracts with appropriate private entities for pur-



1 poses of recovering amounts of overpayments to health  
 2 care providers under the TRICARE program. Services  
 3 under contracts under this subsection may include audit  
 4 services and such other services as the Secretary of De-  
 5 fense considers appropriate.”.

6 **SEC. 10. ENHANCEMENT OF EFFICIENCY OF ADMINISTRA-**  
 7 **TION OF MILITARY HEALTH CARE SYSTEM.**

8 (a) IN GENERAL.—The Secretary of Defense, after  
 9 consultation with the other administering Secretaries,  
 10 shall take appropriate actions—

11 (1) to enhance the efficiency of administration  
 12 of the provision of health care services under chapter  
 13 55 of title 10, United States Code, including the  
 14 TRICARE program, in matters relating to mar-  
 15 keting, beneficiary enrollment, beneficiary and pro-  
 16 vider education, claims processing, and the sched-  
 17 uling of appointments; and

18 (2) otherwise to improve the quality of service  
 19 provided under that chapter.

20 (b) PARTICULAR ACTIONS.—The actions taken by the  
 21 Secretary of Defense under subsection (a) shall include the  
 22 following:

23 (1) Simplification of administrative processes.

24 (2) Use of the Internet for critical administra-  
 25 tive processes.

1       (c) DEFINITIONS.—In this section the terms “admin-  
 2   istering Secretaries” and “TRICARE program” shall have  
 3   the meanings given such terms in section 1072 of title 10,  
 4   United States Code.

5   **SEC. 11. NATIONWIDE ENROLLMENT CARD UNDER THE**  
 6                   **TRICARE PROGRAM.**

7       (a) REQUIREMENT.—The Secretary of Defense, after  
 8   consultation with the other administering Secretaries,  
 9   shall issue to covered beneficiaries under the TRICARE  
 10   program an enrollment card which shall serve as an enroll-  
 11   ment card for participation in the TRICARE program na-  
 12   tionwide. The purpose of the enrollment card is to facili-  
 13   tate the ready portability of benefits under the TRICARE  
 14   program.

15       (b) DEFINITIONS.—In this section the terms “admin-  
 16   istering Secretaries” and “TRICARE program” shall have  
 17   the meanings given such terms in section 1072 of title 10,  
 18   United States Code.

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