

106TH CONGRESS
1ST SESSION

S. 4

AN ACT

To improve pay and retirement equity for members of the
Armed Forces; 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 “Soldiers’, Sailors’, Air-
5 men’s, and Marines’ Bill of Rights Act of 1999”.

1 **TITLE I—PAY AND ALLOWANCES**

2 **SEC. 101. FISCAL YEAR 2000 INCREASE AND RESTRUCTUR-**
3 **ING OF BASIC PAY.**

4 (a) **WAIVER OF SECTION 1009 ADJUSTMENT.**—Any
5 adjustment required by section 1009 of title 37, United
6 States Code, in the rates of monthly basic pay authorized
7 members of the uniformed services by section 203(a) of
8 such title to become effective during fiscal year 2000 shall
9 not be made.

10 (b) **JANUARY 1, 2000, INCREASE IN BASIC PAY.**—
11 Effective on January 1, 2000, the rates of monthly basic
12 pay for members of the uniformed services shall be in-
13 creased by 4.8 percent.

14 (c) **BASIC PAY REFORM.**—Effective on July 1, 2000,
15 the rates of monthly basic pay for members of the uni-
16 formed services within each pay grade are as follows:

COMMISSIONED OFFICERS ¹

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
O-10 ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
O-9 ...	0.00	0.00	0.00	0.00	0.00
O-8 ...	6,594.30	6,810.30	6,953.10	6,993.30	7,171.80
O-7 ...	5,479.50	5,851.80	5,851.50	5,894.40	6,114.60
O-6 ...	4,061.10	4,461.60	4,754.40	4,754.40	4,772.40
O-5 ...	3,248.40	3,813.90	4,077.90	4,127.70	4,291.80
O-4 ...	2,737.80	3,333.90	3,556.20	3,606.04	3,812.40
O-3 ³	2,544.00	2,884.20	3,112.80	3,364.80	3,525.90
O-2 ³	2,218.80	2,527.20	2,910.90	3,000.00	3,071.10
O-1 ³	1,926.30	2,004.90	2,423.10	2,423.10	2,423.10
	Over 8	Over 10	Over 12	Over 14	Over 16
O-10 ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
O-9 ...	0.00	0.00	0.00	0.00	0.00
O-8 ...	7,471.50	7,540.80	7,824.60	7,906.20	8,150.10
O-7 ...	6,282.00	6,475.80	6,669.00	6,863.10	7,471.50
O-6 ...	4,976.70	5,004.00	5,004.00	5,169.30	5,791.20
O-5 ...	4,291.80	4,420.80	4,659.30	4,971.90	5,286.00
O-4 ...	3,980.40	4,251.50	4,464.00	4,611.00	4,758.90
O-3 ³	3,702.60	3,850.20	4,040.40	4,139.10	4,139.10
O-2 ³	3,071.10	3,071.10	3,071.10	3,071.10	3,071.10
O-1 ³	2,423.10	2,423.10	2,423.10	2,423.10	2,423.10
	Over 18	Over 20	Over 22	Over 24	Over 26
O-10 ²	\$0.00	\$10,655.10	\$10,707.60	\$10,930.20	\$11,318.40
O-9 ...	0.00	9,319.50	9,453.60	9,647.70	9,986.40
O-8 ...	8,503.80	8,830.20	9,048.00	9,048.00	9,048.00
O-7 ...	7,985.40	7,985.40	7,985.40	7,985.40	8,025.60
O-6 ...	6,086.10	6,381.30	6,549.00	6,719.10	7,049.10
O-5 ...	5,436.00	5,583.60	5,751.90	5,751.90	5,751.90
O-4 ...	4,808.70	4,808.70	4,808.70	4,808.70	4,808.70
O-3 ³	4,139.10	4,139.10	4,139.10	4,139.10	4,139.10
O-2 ³	3,071.10	3,071.10	3,071.10	3,071.10	3,071.10
O-1 ³	2,423.10	2,423.10	2,423.10	2,423.10	2,423.10

¹ Basic pay for these officers is limited to the rate of basic pay for level V of the Executive Schedule.

² While serving as Chairman or Vice Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, basic pay for this grade is calculated to be \$12,441.00, regardless of cumulative years of service computed under section 205 of title 37, United States Code. Nevertheless, basic pay for these officers is limited to the rate of basic pay for level V of the Executive Schedule.

³ Does not apply to commissioned officers who have been credited with over 4 years of active duty service as an enlisted member or warrant officer.

COMMISSIONED OFFICERS WITH OVER 4 YEARS OF ACTIVE DUTY SERVICE
AS AN ENLISTED MEMBER OR WARRANT OFFICER

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
O-3E	\$0.00	\$0.00	\$0.00	\$3,364.80	\$3,525.90
O-2E	0.00	0.00	0.00	3,009.00	3,071.10
O-1E	0.00	0.00	0.00	2,423.10	2,588.40
	Over 8	Over 10	Over 12	Over 14	Over 16
O-3E	\$3,702.60	\$3,850.20	\$4,040.40	\$4,200.30	\$4,291.80
O-2E	3,168.60	3,333.90	3,461.40	3,556.20	3,556.20
O-1E	2,683.80	2,781.30	2,877.60	3,009.00	3,009.00
	Over 18	Over 20	Over 22	Over 24	Over 26
O-3E	\$4,416.90	\$4,416.90	\$4,416.90	\$4,416.90	\$4,416.90
O-2E	3,556.20	3,556.20	3,556.20	3,556.20	3,556.20
O-1E	3,009.00	3,009.00	3,009.00	3,009.00	3,009.00

WARRANT OFFICERS

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
W-5 ..	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
W-4 ..	2,592.00	2,788.50	2,868.60	2,947.50	3,083.40
W-3 ..	2,355.90	2,555.40	2,555.40	2,588.40	2,694.30
W-2 ..	2,063.40	2,232.60	2,232.60	2,305.80	2,423.10
W-1 ..	1,719.00	1,971.00	1,971.00	2,135.70	2,232.60
	Over 8	Over 10	Over 12	Over 14	Over 16
W-5 ..	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
W-4 ..	3,217.20	3,352.80	3,485.10	3,622.20	3,753.60
W-3 ..	2,814.90	2,974.20	3,071.10	3,177.00	3,298.20
W-2 ..	2,555.40	2,852.60	2,749.80	2,844.30	2,949.00
W-1 ..	2,332.80	2,433.30	2,533.20	2,634.00	2,734.80
	Over 18	Over 20	Over 22	Over 24	Over 26
W-5 ..	\$0.00	\$4,475.10	\$4,628.70	\$4,782.90	\$4,937.40
W-4 ..	3,888.00	4,019.00	4,155.60	4,289.70	4,427.10
W-3 ..	3,418.50	3,539.10	3,659.40	3,780.00	3,900.90
W-2 ..	3,058.40	3,163.80	3,270.90	3,378.30	3,378.30
W-1 ..	2,835.00	2,910.90	2,910.90	2,910.90	2,910.90

ENLISTED MEMBERS

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
E-9 ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
E-8 ...	0.00	0.00	0.00	0.00	0.00
E-7 ...	1,765.80	1,927.80	2,001.00	2,073.00	2,147.70
E-6 ...	1,518.90	1,678.20	1,752.60	1,824.30	1,899.30
E-5 ...	1,332.60	1,494.00	1,566.00	1,640.40	1,714.50
E-4 ...	1,242.90	1,373.10	1,447.20	1,520.10	1,593.90
E-3 ...	1,171.50	1,260.60	1,334.10	1,335.90	1,335.90
E-2 ...	1,127.40	1,127.40	1,127.40	1,127.40	1,127.40
E-1 ...	⁵ 1,005.60	1,005.60	1,005.60	1,005.60	1,005.60
	Over 8	Over 10	Over 12	Over 14	Over 16
E-9 ⁴	\$0.00	\$3,015.30	\$3,083.40	\$3,169.80	\$3,271.50
E-8 ...	2,528.40	2,601.60	2,669.70	2,751.60	2,840.10
E-7 ...	2,220.90	2,294.10	2,367.30	2,439.30	2,514.00
E-6 ...	1,973.10	2,047.20	2,118.60	2,191.50	2,244.60
E-5 ...	1,789.50	1,861.50	1,936.20	1,936.20	1,936.20
E-4 ...	1,593.90	1,593.90	1,593.90	1,593.90	1,593.90
E-3 ...	1,335.90	1,335.90	1,335.90	1,335.90	1,335.90
E-2 ...	1,127.40	1,127.40	1,127.40	1,127.40	1,127.40
E-1 ...	1,005.60	1,005.60	1,005.60	1,005.60	1,005.60
	Over 18	Over 20	Over 22	Over 24	Over 26
E-9 ⁴	\$3,373.20	\$3,473.40	\$3,609.30	\$3,744.00	\$3,915.80
E-8 ...	2,932.50	3,026.10	3,161.10	3,295.50	3,483.60
E-7 ...	2,588.10	2,660.40	2,787.60	2,926.20	3,134.40
E-6 ...	2,283.30	2,283.30	2,285.70	2,285.70	2,285.70
E-5 ...	1,936.20	1,936.20	1,936.20	1,936.20	1,936.20
E-4 ...	1,593.90	1,593.90	1,593.90	1,593.90	1,593.90
E-3 ...	1,335.90	1,335.90	1,335.90	1,335.90	1,335.90
E-2 ...	1,127.40	1,127.40	1,127.40	1,123.20	1,127.40
E-1 ...	1,005.60	1,005.60	1,005.60	1,005.60	1,005.60

⁴ While serving as Sergeant Major of the Army, Master Chief Petty Officer of the Navy, Chief Master Sergeant of the Air Force, Sergeant Major of the Marine Corps, or Master Chief Petty Officer of the Coast Guard, basic pay for this grade is \$4,701.00, regardless of cumulative years of service computed under section 205 of title 37, United States Code.

⁵ In the case of members in the grade E-1 who have served less than 4 months on active duty, basic pay is \$930.30.

1 SEC. 102. PAY INCREASES FOR FISCAL YEARS AFTER FIS-
2 CAL YEAR 2000.

3 (a) ECI+0.5 PERCENT INCREASE FOR ALL MEM-
4 BERS.—Section 1009(c) of title 37, United States Code,
5 is amended to read as follows:

6 “(c) ECI+0.5 PERCENT INCREASE FOR ALL MEM-
7 BERS.—Subject to subsection (d), an adjustment taking
8 effect under this section during a fiscal year shall provide

1 all eligible members with an increase in the monthly basic
 2 pay by the percentage equal to the sum of one percent
 3 plus the percentage calculated as provided under section
 4 5303(a) of title 5 (without regard to whether rates of pay
 5 under the statutory pay systems are actually increased
 6 during such fiscal year under that section by the percent-
 7 age so calculated).”.

8 (b) EFFECTIVE DATE.—The amendment made by
 9 subsection (a) shall take effect on October 1, 2000.

10 **SEC. 103. SPECIAL SUBSISTENCE ALLOWANCE.**

11 (a) ALLOWANCE.—(1) Chapter 7 of title 37, United
 12 States Code, is amended by inserting after section 402 the
 13 following new section:

14 **“§ 402a. Special subsistence allowance**

15 “(a) ENTITLEMENT.—Upon the application of an eli-
 16 gible member of a uniformed service described in sub-
 17 section (b)(1), the Secretary concerned shall pay the mem-
 18 ber a special subsistence allowance for each month for
 19 which the member is eligible to receive food stamp assist-
 20 ance, as determined by the Secretary.

21 “(b) COVERED MEMBERS.—(1) A member referred
 22 to subsection (a) is an enlisted member in pay grade E-
 23 5 or below.

24 “(2) For the purposes of this section, a member shall
 25 be considered as being eligible to receive food stamp assist-

1 ance if the household of the member meets the income
 2 standards of eligibility established under section 5(c)(2)
 3 of the Food Stamp Act of 1977 (7 U.S.C. 2014(c)(2)),
 4 not taking into account the special subsistence allowance
 5 that may be payable to the member under this section and
 6 any allowance that is payable to the member under section
 7 403 or 404a of this title.

8 “(c) TERMINATION OF ENTITLEMENT.—The entitle-
 9 ment of a member to receive payment of a special subsist-
 10 ence allowance terminates upon the occurrence of any of
 11 the following events:

12 “(1) Termination of eligibility for food stamp
 13 assistance.

14 “(2) Payment of the special subsistence allow-
 15 ance for 12 consecutive months.

16 “(3) Promotion of the member to a higher
 17 grade.

18 “(4) Transfer of the member in a permanent
 19 change of station.

20 “(d) REESTABLISHED ENTITLEMENT.—(1) After a
 21 termination of a member’s entitlement to the special sub-
 22 sistence allowance under subsection (c), the Secretary con-
 23 cerned shall resume payment of the special subsistence al-
 24 lowance to the member if the Secretary determines, upon

1 further application of the member, that the member is eli-
 2 gible to receive food stamps.

3 “(2) Payments resumed under this subsection shall
 4 terminate under subsection (c) upon the occurrence of an
 5 event described in that subsection after the resumption of
 6 the payments.

7 “(3) The number of times that payments are resumed
 8 under this subsection is unlimited.

9 “(e) DOCUMENTATION OF ELIGIBILITY.—A member
 10 of the uniformed services applying for the special subsist-
 11 ence allowance under this section shall furnish the Sec-
 12 retary concerned with such evidence of the member’s eligi-
 13 bility for food stamp assistance as the Secretary may re-
 14 quire in connection with the application.

15 “(f) AMOUNT OF ALLOWANCE.—The monthly
 16 amount of the special subsistence allowance under this
 17 section is \$180.

18 “(g) RELATIONSHIP TO BASIC ALLOWANCE FOR
 19 SUBSISTENCE.—The special subsistence allowance under
 20 this section is in addition to the basic allowance for sub-
 21 sistence under section 402 of this title.

22 “(h) FOOD STAMP ASSISTANCE DEFINED.—In this
 23 section, the term ‘food stamp assistance’ means assistance
 24 under the Food Stamp Act of 1977 (7 U.S.C. 2011 et
 25 seq.).

1 “(i) TERMINATION OF AUTHORITY.—No special sub-
 2 sistence allowance may be made under this section for any
 3 month beginning after September 30, 2004.”.

4 (2) The table of sections at the beginning of such
 5 chapter is amended by inserting after the item relating
 6 to section 402 the following:

 “402a. Special subsistence allowance.”.

7 (b) EFFECTIVE DATE.—Section 402a of title 37,
 8 United States Code, shall take effect on the first day of
 9 the first month that begins not less than 180 days after
 10 the date of the enactment of this Act.

11 (c) ANNUAL REPORT.—(1) Not later than March 1
 12 of each year after 1999, the Secretary of Defense shall
 13 submit to Congress a report setting forth the number of
 14 members of the uniformed services who are eligible for as-
 15 sistance under the Food Stamp Act of 1977 (7 U.S.C.
 16 2011 et seq.).

17 (2) In preparing the report, the Secretary shall con-
 18 sult with the Secretary of Transportation (with respect to
 19 the Coast Guard), who shall provide the Secretary of De-
 20 fense with any information that the Secretary determines
 21 necessary to prepare the report.

22 (3) No report is required under this section after
 23 March 1, 2004.

1 **SEC. 104. INCREASED TUITION ASSISTANCE FOR MEMBERS**
 2 **OF THE ARMED FORCES DEPLOYED IN SUP-**
 3 **PORT OF A CONTINGENCY OPERATION OR**
 4 **SIMILAR OPERATION.**

5 (a) INAPPLICABILITY OF LIMITATION ON AMOUNT.—

6 Section 2007(a) of title 10, United States Code, is
 7 amended—

8 (1) by striking “and” at the end of paragraph

9 (2);

10 (2) by striking the period at the end of para-
 11 graph (3) and inserting “; and”; and

12 (3) by adding at the end the following:

13 “(4) in the case of a member deployed outside
 14 the United States in support of a contingency oper-
 15 ation or similar operation, all of the charges may be
 16 paid while the member is so deployed.”.

17 (b) INCREASED AUTHORITY SUBJECT TO APPRO-
 18 PRIATIONS.—The authority to pay additional tuition as-
 19 sistance under paragraph (4) of section 2007(a) of title
 20 10, United States Code, as added by subsection (a), may
 21 be exercised only to the extent provided for in appropria-
 22 tions Acts.

23 **SEC. 105. INCREASE IN RATE OF DIVING DUTY SPECIAL**
 24 **PAY.**

25 (a) INCREASE.—Section 304(b) of title 37, United
 26 States Code, is amended—

1 (1) by striking “\$200” and inserting “\$240”;

2 and

3 (2) by striking “\$300” and inserting “\$340”.

4 (b) EFFECTIVE DATE.—The amendments made by
5 subsection (a) shall take effect on October 1, 1999, and
6 shall apply with respect to special pay paid under section
7 304 of title 37, United States Code, for months beginning
8 on or after that date.

9 **SEC. 106. INCREASE IN MAXIMUM AMOUNT AUTHORIZED**
10 **FOR REENLISTMENT BONUS FOR ACTIVE**
11 **MEMBERS.**

12 (a) INCREASE IN MAXIMUM AMOUNT.—Section
13 308(a)(2)(B) of title 37, United States Code, is amended
14 by striking “\$45,000” and inserting “\$60,000”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall take effect on October 1, 1999, and
17 shall apply with respect to reenlistments and extensions
18 of enlistments taking effect on or after that date.

19 **SEC. 107. INCREASE IN ENLISTMENT BONUS FOR MEMBERS**
20 **WITH CRITICAL SKILLS.**

21 (a) INCREASE.—Section 308a(a) of title 37, United
22 States Code, is amended in the first sentence by striking
23 “\$12,000” and inserting “\$20,000”.

24 (b) EFFECTIVE DATE.—The amendment made by
25 subsection (a) shall take effect on October 1, 1999, and

1 shall apply with respect to enlistments and extensions of en-
 2 listments taking effect on or after that date.

3 **SEC. 108. INCREASE IN SPECIAL PAY AND BONUSES FOR**
 4 **NUCLEAR-QUALIFIED OFFICERS.**

5 (a) SPECIAL PAY FOR NUCLEAR-QUALIFIED OFFI-
 6 CERS EXTENDING PERIOD OF ACTIVE SERVICE.—Section
 7 312(a) of title 37, United States Code, is amended by
 8 striking “\$15,000” and inserting “\$25,000”.

9 (b) NUCLEAR CAREER ACCESSION BONUS.—Section
 10 312b(a)(1) of title 37, United States Code, is amended
 11 by striking “\$10,000” and inserting “\$20,000”.

12 (c) NUCLEAR CAREER ANNUAL INCENTIVE BO-
 13 NUSES.—Section 312c of title 37, United States Code, is
 14 amended—

15 (1) in subsection (a)(1), by striking “\$12,000”
 16 and inserting “\$22,000”; and

17 (2) in subsection (b)(1), by striking “\$5,500”
 18 and inserting “\$10,000”.

19 (d) EFFECTIVE DATE.—(1) The amendments made
 20 by this section shall take effect on October 1, 1999.

21 (2) The amendments made by subsections (a) and (b)
 22 shall apply with respect to agreements accepted under sec-
 23 tion 312(a) and 312b(a), respectively, of title 37, United
 24 States Code, on or after October 1, 1999.

1 (3) The amendments made by subsection (c) shall
 2 apply with respect to nuclear service years beginning on
 3 or after October 1, 1999.

4 **SEC. 109. INCREASE IN MAXIMUM MONTHLY RATE AUTHOR-**
 5 **IZED FOR FOREIGN LANGUAGE PROFICIENCY**
 6 **PAY.**

7 (a) INCREASE IN MAXIMUM MONTHLY RATE.—Sec-
 8 tion 316(b) of title 37, United States Code, is amended
 9 by striking “\$100” and inserting “\$300”.

10 (b) EFFECTIVE DATE.—The amendment made by
 11 subsection (a) shall take effect on October 1, 1999, and
 12 shall apply with respect to foreign language proficiency
 13 pay paid under section 316 of title 37, United States
 14 Code, for months beginning on or after that date.

15 **SEC. 110. CAREER ENLISTED FLYER INCENTIVE PAY.**

16 (a) INCENTIVE PAY AUTHORIZED.—(1) Chapter 5 of
 17 title 37, United States Code, is amended by inserting after
 18 section 301e the following new section 301f:

19 **“§ 301f. Incentive pay: career enlisted flyers**

20 “(a) PAY AUTHORIZED.—An enlisted member de-
 21 scribed in subsection (b) may be paid career enlisted flyer
 22 incentive pay as provided in this section.

23 “(b) ELIGIBLE MEMBERS.—An enlisted member re-
 24 ferred to in subsection (a) is an enlisted member of the
 25 armed forces who—

1 “(1) is entitled to basic pay under section 204
2 of this title or is entitled to compensation under
3 paragraph (1) or (2) of section 206(a) of this title;

4 “(2) holds a military occupational specialty or
5 military rating designated as a career enlisted flyer
6 specialty or rating by the Secretary concerned in
7 regulations prescribed under subsection (f) and con-
8 tinues to be proficient in the skills required for that
9 specialty or rating, or is in training leading to the
10 award of such a specialty or rating; and

11 “(3) is qualified for aviation service.

12 “(c) MONTHLY PAYMENT.—(1) Career enlisted flyer
13 incentive pay may be paid a member referred to in sub-
14 section (b) for each month in which the member performs
15 aviation service that involves frequent and regular per-
16 formance of operational flying duty by the member.

17 “(2)(A) Career enlisted flyer incentive pay may be
18 paid a member referred to in subsection (b) for each
19 month in which the member performs service, without re-
20 gard to whether or the extent to which the member per-
21 forms operational flying duty during the month, as fol-
22 lows:

23 “(i) In the case of a member who has per-
24 formed at least 6, and not more than 15, years of
25 aviation service, the member may be so paid after

1 the member has frequently and regularly performed
2 operational flying duty in each of 72 months if the
3 member so performed in at least that number of
4 months before completing the member's first 10
5 years of performance of aviation service.

6 “(ii) In the case of a member who has per-
7 formed more than 15, and not more than 20, years
8 of aviation service, the member may be so paid after
9 the member has frequently and regularly performed
10 operational flying duty in each of 108 months if the
11 member so performed in at least that number of
12 months before completing the member's first 15
13 years of performance of aviation service.

14 “(iii) In the case of a member who has per-
15 formed more than 20, and not more than 25, years
16 of aviation service, the member may be so paid after
17 the member has frequently and regularly performed
18 operational flying duty in each of 168 months if the
19 member so performed in at least that number of
20 months before completing the member's first 20
21 years of performance of aviation service.

22 “(B) The Secretary concerned, or a designee of the
23 Secretary concerned not below the level of personnel chief
24 of the armed force concerned, may reduce the minimum
25 number of months of frequent and regular performance

1 of operational flying duty applicable in the case of a par-
 2 ticular member under—

3 “(i) subparagraph (A)(i) to 60 months;

4 “(ii) subparagraph (A)(ii) to 96 months; or

5 “(iii) subparagraph (A)(iii) to 144 months.

6 “(C) A member may not be paid career enlisted flyer
 7 incentive pay in the manner provided under subparagraph
 8 (A) after the member has completed 25 years of aviation
 9 service.

10 “(d) MONTHLY RATES.—(1) The monthly rate of any
 11 career enlisted flyer incentive pay paid under this section
 12 to a member on active duty shall be prescribed by the Sec-
 13 retary concerned, but may not exceed the following:

“Years of aviation service	Monthly rate
4 or less	\$150
Over 4	\$225
Over 8	\$350
Over 14	\$400.

14 “(2) The monthly rate of any career enlisted flyer in-
 15 centive pay paid under this section to a member of a re-
 16 serve component for each period of inactive-duty training
 17 during which aviation service is performed shall be equal
 18 to $\frac{1}{30}$ of the monthly rate of career enlisted flyer incentive
 19 pay provided under paragraph (1) for a member on active
 20 duty with the same number of years of aviation service.

21 “(e) NONAPPLICABILITY TO MEMBERS RECEIVING
 22 HAZARDOUS DUTY INCENTIVE PAY OR SPECIAL PAY FOR
 23 DIVING DUTY.—A member receiving incentive pay under

1 section 301(a) of this title or special pay under section
 2 304 of this title may not be paid special pay under this
 3 section for the same period of service.

4 “(f) REGULATIONS.—The Secretary concerned shall
 5 prescribe regulations for the administration of this section.
 6 The regulations shall include the following:

7 “(1) Definitions of the terms ‘aviation service’
 8 and ‘frequently and regularly performed operational
 9 flying duty’ for purposes of this section.

10 “(2) The military occupational specialties or
 11 military rating, as the case may be, that are des-
 12 ignated as career enlisted flyer specialties or ratings,
 13 respectively, for purposes of this section.

14 “(g) DEFINITION.—In this section, the term ‘oper-
 15 ational flying duty’ means—

16 “(1) flying performed under competent orders
 17 while serving in assignments in which basic flying
 18 skills normally are maintained in the performance of
 19 assigned duties as determined by the Secretary con-
 20 cerned; and

21 “(2) flying performed by members in training
 22 that leads to the award of a military occupational
 23 specialty or rating referred to in subsection (b)(2).”.

24 (2) The table of sections at the beginning of chapter
 25 5 of title 37, United States Code, is amended by inserting

1 after the item relating to section 301e the following new
2 item:

“301f. Incentive pay; career enlisted flyers.”.

3 (b) **EFFECTIVE DATE.**—The amendments made by
4 subsection (a) shall take effect on October 1, 1999.

5 (c) **SAVE PAY PROVISION.**—In the case of an enlisted
6 member of a uniformed service who is a designated career
7 enlisted flyer entitled to receive hazardous duty incentive
8 pay under section 301(b) or 301(c)(2)(A) of title 37,
9 United States Code, as of October 1, 1999, the member
10 shall be entitled from that date to payment of incentive
11 pay at the monthly rate that is the higher of—

12 (1) the monthly rate of incentive pay authorized
13 by such section 301(b) or 301(c)(2)(A) as of Sep-
14 tember 30, 1999; or

15 (2) the monthly rate of incentive pay authorized
16 by section 301f of title 37, United States Code, as
17 added by subsection (a).

18 **SEC. 111. RETENTION BONUS FOR SPECIAL WARFARE OFFI-**
19 **CERS EXTENDING PERIODS OF ACTIVE DUTY.**

20 (a) **BONUS AUTHORIZED.**—(1) Chapter 5 of title 37,
21 United States Code, is amended by inserting after section
22 301f, as added by section 110(a) of this Act, the following
23 new section:

1 **“§ 301g. Special pay: special warfare officers extend-**
 2 **ing period of active duty**

3 “(a) BONUS AUTHORIZED.—A special warfare officer
 4 described in subsection (b) who executes a written agree-
 5 ment to remain on active duty in special warfare service
 6 for at least one year may, upon the acceptance of the
 7 agreement by the Secretary concerned, be paid a retention
 8 bonus as provided in this section.

9 “(b) COVERED OFFICERS.—A special warfare officer
 10 referred to in subsection (a) is an officer of a uniformed
 11 service who—

12 “(1) is qualified for a military occupational spe-
 13 cialty or designator identified by the Secretary con-
 14 cerned as a special warfare military occupational
 15 specialty or designator and is serving in a position
 16 for which that specialty or designator is authorized;

17 “(2) is in pay grade O–3, or is in pay grade O–
 18 4 and is not on a list of officers recommended for
 19 promotion, at the time the officer applies for an
 20 agreement under this section;

21 “(3) has completed at least 6, but not more
 22 than 14, years of active commissioned service; and

23 “(4) has completed any service commitment in-
 24 curred to be commissioned as an officer.

1 “(c) AMOUNT OF BONUS.—The amount of a reten-
2 tion bonus paid under this section may not be more than
3 \$15,000 for each year covered by the written agreement.

4 “(d) PRORATION.—The term of an agreement under
5 subsection (a) and the amount of the bonus payable under
6 subsection (c) may be prorated as long as such agreement
7 does not extend beyond the date on which the officer mak-
8 ing such agreement would complete 14 years of active
9 commissioned service.

10 “(e) PAYMENT.—Upon acceptance of a written agree-
11 ment under subsection (a) by the Secretary concerned, the
12 total amount payable pursuant to the agreement becomes
13 fixed and may be paid—

14 “(1) in a lump sum equal to the amount of half
15 the total amount payable under the agreement at the
16 time the agreement is accepted by the Secretary con-
17 cerned followed by payments of equal annual install-
18 ments on the anniversary of the acceptance of the
19 agreement until the payment in full of the balance
20 of the amount that remains payable under the agree-
21 ment after the payment of the lump sum amount
22 under this paragraph; or

23 “(2) in graduated annual payments under regu-
24 lations prescribed by the Secretary concerned with
25 the first payment being payable at the time the

1 agreement is accepted by the Secretary concerned
2 and subsequent payments being payable on the anni-
3 versaries of the acceptance of the agreement.

4 “(f) ADDITIONAL PAY.—A retention bonus paid
5 under this section is in addition to any other pay and al-
6 lowances to which an officer is entitled.

7 “(g) REPAYMENT.—(1) If an officer who has entered
8 into a written agreement under subsection (a) and has re-
9 ceived all or part of a retention bonus under this section
10 fails to complete the total period of active duty in special
11 warfare service as specified in the agreement, the Sec-
12 retary concerned may require the officer to repay the
13 United States, on a pro rata basis and to the extent that
14 the Secretary determines conditions and circumstances
15 warrant, all sums paid the officer under this section.

16 “(2) An obligation to repay the United States im-
17 posed under paragraph (1) is for all purposes a debt owed
18 to the United States.

19 “(3) A discharge in bankruptcy under title 11 that
20 is entered less than five years after the termination of a
21 written agreement entered into under subsection (a) does
22 not discharge the officer signing the agreement from a
23 debt arising under such agreement or under paragraph
24 (1).

1 “(h) REGULATIONS.—The Secretaries concerned
 2 shall prescribe regulations to carry out this section, includ-
 3 ing the definition of the term ‘special warfare service’ for
 4 purposes of this section. Regulations prescribed by the
 5 Secretary of a military department under this section shall
 6 be subject to the approval of the Secretary of Defense.”.

7 (2) The table of sections at the beginning of chapter
 8 5 of title 37, United States Code, as amended by section
 9 110(a) of this Act, is amended by inserting after the item
 10 relating to section 301f the following new item:

“301g. Special pay: special warfare officers extending period of active duty.”.

11 (b) EFFECTIVE DATE.—The amendments made by
 12 subsection (a) shall take effect on October 1, 1999.

13 **SEC. 112. RETENTION BONUS FOR SURFACE WARFARE OF-**
 14 **FICERS EXTENDING PERIODS OF ACTIVE**
 15 **DUTY.**

16 (a) BONUS AUTHORIZED.—(1) Chapter 5 of title 37,
 17 United States Code, is amended by inserting after section
 18 301g, as added by section 111(a) of this Act, the following
 19 new section:

20 **“§ 301h. Special pay: surface warfare officers extend-**
 21 **ing period of active duty**

22 “(a) SPECIAL PAY AUTHORIZED.—(1) A surface war-
 23 fare officer described in subsection (b) who executes a
 24 written agreement described in paragraph (2) may, upon
 25 the acceptance of the agreement by the Secretary of the

1 Navy, be paid a retention bonus as provided in this sec-
 2 tion.

3 “(2) An agreement referred to in paragraph (1) is
 4 an agreement in which the officer concerned agrees—

5 “(A) to remain on active duty for at least two
 6 years and through the tenth year of active commis-
 7 sioned service; and

8 “(B) to complete tours of duty to which the of-
 9 ficer may be ordered during the period covered by
 10 subparagraph (A) as a department head afloat.

11 “(b) COVERED OFFICERS.—A surface warfare officer
 12 referred to in subsection (a) is an officer of the Regular
 13 Navy or Naval Reserve on active duty who—

14 “(1) is designated and serving as a surface war-
 15 fare officer;

16 “(2) is in pay grade O-3 at the time the officer
 17 applies for an agreement under this section;

18 “(3) has been selected for assignment as a de-
 19 partment head on a surface ship;

20 “(4) has completed at least four, but not more
 21 than eight, years of active commissioned service; and

22 “(5) has completed any service commitment in-
 23 curred to be commissioned as an officer.

1 “(c) AMOUNT OF BONUS.—The amount of a reten-
2 tion bonus paid under this section may not be more than
3 \$15,000 for each year covered by the written agreement.

4 “(d) PRORATION.—The term of an agreement under
5 subsection (a) and the amount of the bonus payable under
6 subsection (c) may be prorated as long as such agreement
7 does not extend beyond the date on which the officer mak-
8 ing such agreement would complete 10 years of active
9 commissioned service.

10 “(e) PAYMENT.—Upon acceptance of a written agree-
11 ment under subsection (a) by the Secretary of the Navy,
12 the total amount payable pursuant to the agreement be-
13 comes fixed and may be paid—

14 “(1) in a lump sum equal to the amount of half
15 the total amount payable under the agreement at the
16 time the agreement is accepted by the Secretary fol-
17 lowed by payments of equal annual installments on
18 the anniversary of the acceptance of the agreement
19 until the payment in full of the balance of the
20 amount that remains payable under the agreement
21 after the payment of the lump sum amount under
22 this paragraph; or

23 “(2) in equal annual payments with the first
24 payment being payable at the time the agreement is
25 accepted by the Secretary and subsequent payments

1 being payable on the anniversaries of the acceptance
2 of the agreement.

3 “(f) ADDITIONAL PAY.—A retention bonus paid
4 under this section is in addition to any other pay and al-
5 lowances to which an officer is entitled.

6 “(g) REPAYMENT.—(1) If an officer who has entered
7 into a written agreement under subsection (a) and has re-
8 ceived all or part of a retention bonus under this section
9 fails to complete the total period of active duty specified
10 in the agreement, the Secretary of the Navy may require
11 the officer to repay the United States, on a pro rata basis
12 and to the extent that the Secretary determines conditions
13 and circumstances warrant, all sums paid under this sec-
14 tion.

15 “(2) An obligation to repay the United States im-
16 posed under paragraph (1) is for all purposes a debt
17 owned to the United States.

18 “(3) A discharge in bankruptcy under title 11 that
19 is entered less than five years after the termination of a
20 written agreement entered into under subsection (a) does
21 not discharge the officer signing the agreement from a
22 debt arising under such agreement or under paragraph
23 (1).

24 “(h) REGULATIONS.—The Secretary of the Navy
25 shall prescribe regulations to carry out this section.”.

1 (2) The table of sections at the beginning of chapter
 2 5 of title 37, United States Code, is amended by inserting
 3 after the item relating to section 301g, as added by section
 4 111(a) of this Act, the following new item:

“301h. Special pay: surface warfare officers extending period of active duty.”.

5 (b) **EFFECTIVE DATE.**—The amendments made by
 6 subsection (a) shall take effect on October 1, 1999.

7 **SEC. 113. AVIATION CAREER OFFICER SPECIAL PAY.**

8 (a) **PERIOD OF AUTHORITY.**—Subsection (a) of sec-
 9 tion 301b of title 37, United States Code, is amended—

10 (1) by inserting “(1)” after “AUTHORIZED.—”;

11 (2) by striking “during the period beginning on
 12 January 1, 1989, and ending on December 31,
 13 1999,” and inserting “during the period described in
 14 paragraph (2),”; and

15 (3) adding at the end the following:

16 “(2) Paragraph (1) applies with respect to agree-
 17 ments executed during the period beginning on the first
 18 day of the first month that begins on or after the date
 19 of the enactment of the Soldiers’, Sailors’, Airmen’s, and
 20 Marines’ Bill of Rights Act of 1999 and ending on Decem-
 21 ber 31, 2004.”.

22 (b) **REPEAL OF LIMITATION TO CERTAIN YEARS OF**
 23 **CAREER AVIATION SERVICE.**—Subsection (b) of such sec-
 24 tion is amended—

25 (1) by striking paragraph (5);

1 (2) by inserting “and” at the end of paragraph
2 (4); and

3 (3) by redesignating paragraph (6) as para-
4 graph (5).

5 (c) REPEAL OF LOWER ALTERNATIVE AMOUNT FOR
6 AGREEMENT TO SERVE FOR 3 OR FEWER YEARS.—Sub-
7 section (c) of such section is amended by striking
8 “than—” and all that follows and inserting “than
9 \$25,000 for each year covered by the written agreement
10 to remain on active duty.”.

11 (d) PRORATION AUTHORITY FOR COVERAGE OF IN-
12 CREASED PERIOD OF ELIGIBILITY.—Subsection (d) of
13 such section is amended by striking “14 years of commis-
14 sioned service” and inserting “25 years of aviation serv-
15 ice”.

16 (e) TERMINOLOGY.—Such section is further
17 amended—

18 (1) in subsection (f), by striking “A retention
19 bonus” and inserting “Any amount”; and

20 (2) in subsection (i)(1), by striking “retention
21 bonuses” in the first sentence and inserting “special
22 pay under this section”.

23 (f) REPEAL OF CONTENT REQUIREMENTS FOR AN-
24 NUAL REPORT.—Subsection (i)(1) of such section is fur-
25 ther amended by striking the second sentence.

1 (g) TECHNICAL AMENDMENT.—Subsection (g)(3) of
2 such section if amended by striking the second sentence.

3 (h) EFFECTIVE DATE.—This section and the amend-
4 ments made by this section shall take effect on the first
5 day of the first month that begins on or after the date
6 of the enactment of this Act.

7 **SEC. 114. THREE-YEAR EXTENSION OF AUTHORITIES RE-**
8 **LATING TO PAYMENT OF CERTAIN BONUSES**
9 **AND SPECIAL PAYS.**

10 (a) AVIATION OFFICER RETENTION BONUS.—Sec-
11 tion 301b(a) of title 37, United States Code, is amended
12 by striking “December 31, 1999,” and inserting “Decem-
13 ber 31, 2002,”.

14 (b) REENLISTMENT BONUS FOR ACTIVE MEM-
15 BERS.—Section 308(g) of title 37, United States Code, is
16 amended by striking “December 31, 1999” and inserting
17 “December 31, 2002”.

18 (c) ENLISTMENT BONUSES FOR MEMBERS WITH
19 CRITICAL SKILLS.—Sections 308a(c) and 308f(c) of title
20 37, United States Code, are each amended by striking
21 “December 31, 1999” and inserting “December 31,
22 2002”.

23 (d) SPECIAL PAY FOR NUCLEAR-QUALIFIED OFFI-
24 CERS EXTENDING PERIOD OF ACTIVE SERVICE.—Section
25 312(e) of title 37, United States Code, is amended by

1 striking “December 31, 1999” and inserting “December
2 31, 2002”.

3 (e) NUCLEAR CAREER ACCESSION BONUS.—Section
4 312b(c) of title 37, United States Code, is amended by
5 striking “December 31, 1999” and inserting “December
6 31, 2002”.

7 (f) NUCLEAR CAREER ANNUAL INCENTIVE
8 BONUS.—Section 312c(d) of title 37, United States Code,
9 is amended by striking “any fiscal year beginning before
10 October 1, 1998, and the 15-month period beginning on
11 that date and ending on December 31, 1999” and insert-
12 ing “the 15-month period beginning on October 1, 1998,
13 and ending on December 31, 1999, and any year begin-
14 ning after December 31, 1999, and ending before January
15 1, 2003”.

16 **SEC. 115. THREE-YEAR EXTENSION OF CERTAIN BONUSES**
17 **AND SPECIAL PAY AUTHORITIES FOR RE-**
18 **SERVE FORCES.**

19 (a) SPECIAL PAY FOR HEALTH PROFESSIONALS IN
20 CRITICALLY SHORT WARTIME SPECIALTIES.—Section
21 302g(f) of title 37, United States Code, is amended by
22 striking “December 31, 1999” and inserting “December
23 31, 2002”.

24 (b) SELECTED RESERVE REENLISTMENT BONUS.—
25 Section 308b(f) of title 37, United States Code, is amend-

1 ed by striking “December 31, 1999” and inserting “De-
2 cember 31, 2002”.

3 (c) SELECTED RESERVE ENLISTMENT BONUS.—Sec-
4 tion 308c(e) of title 37, United States Code, is amended
5 by striking “December 31, 1999” and inserting “Decem-
6 ber 31, 2002”.

7 (d) SPECIAL PAY FOR ENLISTED MEMBERS AS-
8 SIGNED TO CERTAIN HIGH PRIORITY UNITS.—Section
9 308d(e) of title 37, United States Code, is amended by
10 striking “December 31, 1999” and inserting “December
11 31, 2002”.

12 (e) SELECTED RESERVE AFFILIATION BONUS.—Sec-
13 tion 308e(e) of title 37, United States Code, is amended
14 by striking “December 31, 1999” and inserting “Decem-
15 ber 31, 2002”.

16 (f) READY RESERVE ENLISTMENT AND REENLIST-
17 MENT BONUS.—Section 308h(g) of title 37, United States
18 Code, is amended by striking “December 31, 1999” and
19 inserting “December 31, 2002”.

20 (g) PRIOR SERVICE ENLISTMENT BONUS.—Section
21 308i(f) of title 37, United States Code, is amended by
22 striking “December 31, 1999” and inserting “December
23 31, 2002”.

24 (h) REPAYMENT OF EDUCATION LOANS FOR CER-
25 TAIN HEALTH PROFESSIONALS WHO SERVE IN THE SE-

LECTED RESERVE.—Section 16302(d) of title 10, United States Code, is amended by striking “January 1, 2000” and inserting in lieu thereof “January 1, 2003”.

**SEC. 116. THREE-YEAR EXTENSION OF CERTAIN BONUSES
AND SPECIAL PAY AUTHORITIES FOR NURSE
OFFICER CANDIDATES, REGISTERED NURSES,
AND NURSE ANESTHETISTS.**

(a) NURSE OFFICER CANDIDATE ACCESSION PROGRAM.—Section 2130a(a)(1) of title 10, United States Code, is amended by striking “December 31, 1999” and inserting “December 31, 2002”.

(b) ACCESSION BONUS FOR REGISTERED NURSES.—Section 302d(a)(1) of title 37, United States Code, is amended by striking “December 31, 1999” and inserting “December 31, 2002”.

(c) INCENTIVE SPECIAL PAY FOR NURSE ANESTHETISTS.—Section 302e(a)(1) of title 37, United States Code, is amended by striking “December 31, 1999” and inserting in lieu thereof “December 31, 2002”.

SEC. 117. SENSE OF CONGRESS REGARDING PARITY BETWEEN ADJUSTMENTS IN MILITARY AND CIVIL SERVICE PAY.

(a) FINDINGS.—Congress makes the following findings:

1 (1) Members of the uniformed services of the
2 United States and civilian employees of the United
3 States make significant contributions to the general
4 welfare of the United States.

5 (2) Increases in the levels of pay of members of
6 the uniformed services and of civilian employees of
7 the United States have not kept pace with increases
8 in the overall levels of pay of workers in the private
9 sector so that there is now up to a 30 percent gap
10 between the compensation levels of Federal civilian
11 employees and the compensation levels of private
12 sector workers and a 9 to 14 percent gap between
13 the compensation levels of members of the uni-
14 formed services and the compensation levels of pri-
15 vate sector workers.

16 (3) In almost every year of the past two dec-
17 ades, there have been equal adjustments in the com-
18 pensation of members of the uniformed services and
19 the compensation of civilian employees of the United
20 States.

21 (b) SENSE OF CONGRESS.—It is the sense of Con-
22 gress that there should continue to be parity between the
23 adjustments in the compensation of members of the uni-
24 formed services and the adjustments in the compensation
25 of civilian employees of the United States.

1 **SEC. 118. ENTITLEMENT OF RESERVES NOT ON ACTIVE**
 2 **DUTY TO RECEIVE SPECIAL DUTY ASSIGN-**
 3 **MENT PAY.**

4 (a) **AUTHORITY.**—Section 307(a) of title 37, United
 5 States Code, is amended by inserting after “is entitled to
 6 basic pay” in the first sentence the following: “, or is enti-
 7 tled to compensation under section 206 of this title in the
 8 case of a member of a reserve component not on active
 9 duty,”.

10 (b) **EFFECTIVE DATE.**—The amendment made by
 11 subsection (a) shall take effect on the first day of the first
 12 month that begins on or after the date of the enactment
 13 of this Act.

14 **SEC. 119. SENSE OF THE SENATE REGARDING USE OF EX-**
 15 **TENSION OF TIME TO FILE TAX RETURNS**
 16 **FOR MEMBERS OF UNIFORMED SERVICES ON**
 17 **DUTY ABROAD.**

18 (a) **FINDINGS.**—The Senate finds that—

19 (1) the Internal Revenue Service provides a 2-
 20 month extension of the deadline for filing tax re-
 21 turns for members of the uniformed services who are
 22 in an area outside the United States or the Com-
 23 monwealth of Puerto Rico for a tour of duty which
 24 includes the date for filing tax returns;

(4) it is fundamentally unfair to members of the uniformed services who make use of this extension to require them to pay penalties and interest on the additional tax owed.

(1) the 2-month extension of the deadline for filing tax returns for certain members of the uniformed services provided in Internal Revenue Service regulations should be codified; and

21 SEC. 120. IMPLEMENTATION OF THE SPECIAL SUPPLE-
22 MENTAL NUTRITION PROGRAM.

(a) CLARIFICATION OF BENEFITS RESPONSIBILITY.—Subsection (a) of section 1060a of title 10, United States Code, is amended by striking “may carry out a pro-

1 gram to provide special supplemental food benefits” and
 2 inserting “shall carry out a program to provide supple-
 3 mental foods and nutrition education”.

4 (b) RELATIONSHIP TO WIC PROGRAM.—Subsection
 5 (b) of such section is amended to read as follows:

6 “(b) FEDERAL PAYMENTS.—For the purpose of pro-
 7 viding supplemental foods under the program required
 8 under subsection (a), the Secretary of Agriculture shall
 9 make available to the Secretary of Defense for each of fis-
 10 cal years 1999 through 2003, out of funds available for
 11 such fiscal year pursuant to the authorization of appro-
 12 priations under section 17(g)(1) of the Child Nutrition Act
 13 of 1966 (42 U.S.C. 1786(g)(1)), \$10,000,000 plus such
 14 additional amount as is necessary to provide supplemental
 15 foods under the program for such fiscal year. The Sec-
 16 retary of Defense shall use funds available for the Depart-
 17 ment of Defense to provide nutrition education and to pay
 18 for costs for nutrition services and administration under
 19 the program.”.

20 (c) PROGRAM ADMINISTRATION.—Subsection
 21 (c)(1)(A) of such section is amended by adding at the end
 22 the following: “In the determining of eligibility for the pro-
 23 gram benefits, a person already certified for participation
 24 in the special supplemental nutrition program for women,
 25 infants, and children under section 17 of the Child Nutri-

tion Act of 1996 (42 U.S.C. 1786) shall be considered eligible for the duration of the certification period under that program.”.

(d) NUTRITIONAL RISK STANDARDS.—Subsection (c)(1)(B) of such section is amended by inserting “and nutritional risk standards” after “income eligibility standards”.

(e) DEFINITIONS.—Subsection (f) of such section is amended by adding at the end the following:

“(4) The terms ‘costs for nutrition services and administration’, ‘nutrition education’ and ‘supplemental foods’ have the meanings given the terms in paragraphs (4), (7), and (14), respectively, of section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)).”.

(f) REPORT.—Not later than March 1, 2001, the Secretary of Defense, in consultation with the Secretary of Agriculture, shall submit to Congress a report on the implementation of the special supplemental food program required under section 1060a of title 10, United States Code. The report shall include a discussion of whether the amount required to be provided by the Secretary of Agriculture for supplemental foods under subsection (b) of that section is adequate for the purpose and, if not, an

1 estimate of the amount necessary to provide supplemental
2 foods under the program.

3 **TITLE II—RETIREMENT** 4 **BENEFITS**

5 **SEC. 201. RETIRED PAY OPTIONS FOR PERSONNEL ENTER-**
6 **ING UNIFORMED SERVICES ON OR AFTER AU-**
7 **GUST 1, 1986.**

8 (a) REDUCED RETIRED PAY ONLY FOR MEMBERS
9 ELECTING 15-YEAR SERVICE BONUS.—(1) Paragraph (2)
10 of section 1409(b) of title 10, United States Code, is
11 amended by inserting after “July 31, 1986,” the following:
12 “has elected to receive a bonus under section 318 of title
13 37,”.

14 (2)(A) Paragraph (2)(A) of section 1401a(b) of title
15 10, United States Code, is amended by striking “The Sec-
16 retary shall increase the retired pay of each member and
17 former member who first became a member of a uniformed
18 service before August 1, 1986,” and inserting “Except as
19 otherwise provided in this subsection, the Secretary shall
20 increase the retired pay of each member and former mem-
21 ber”.

22 (B) Paragraph (3) of such section 1401a(b) is
23 amended by inserting after “August 1, 1986,” the follow-
24 ing: “and has elected to receive a bonus under section 318
25 of title 37,”.

1 (3) Section 1410 of title 10, United States Code, is
 2 amended by inserting after “August 1, 1986,” the follow-
 3 ing: “who has elected to receive a bonus under section 318
 4 of title 37,”.

5 (b) OPTIONAL LUMP-SUM BONUS AT 15 YEARS OF
 6 SERVICE.—(1) Chapter 5 of title 37, United States Code,
 7 is amended by adding at the end the following new section:
 8 **“§ 318. Special pay: 15-year service bonus elected by**
 9 **members entering on or after August 1,**
 10 **1986**

11 “(a) PAYMENT OF BONUS.—The Secretary concerned
 12 shall pay a bonus to a member of a uniformed service who
 13 is eligible and elects to receive the bonus under this sec-
 14 tion.

15 “(b) ELIGIBILITY FOR BONUS.—A member of a uni-
 16 formed service serving on active duty is eligible to receive
 17 a bonus under this section if the member—

18 “(1) first became a member of a uniformed
 19 service on or after August 1, 1986;

20 “(2) has completed 15 years of active duty in
 21 the uniformed services; and

22 “(3) if not already obligated to remain on active
 23 duty for a period that would result in at least 20
 24 years of active-duty service, executes a written
 25 agreement (prescribed by the Secretary concerned)

1 to remain continuously on active duty for five years
2 after the date of the completion of 15 years of ac-
3 tive-duty service.

4 “(c) ELECTION.—(1) A member eligible to receive a
5 bonus under this section may elect to receive the bonus.
6 The election shall be made in such form and within such
7 period as the Secretary concerned requires.

8 “(2) An election made under this subsection is irrev-
9 ocable.

10 “(d) NOTIFICATION OF ELIGIBILITY.—The Secretary
11 concerned shall transmit a written notification of the op-
12 portunity to elect to receive a bonus under this section
13 to each member who is eligible (or upon execution of an
14 agreement described in subsection (b)(3), would be eligi-
15 ble) to receive the bonus. The Secretary shall complete the
16 notification within 180 days after the date on which the
17 member completes 15 years of active duty. The notifica-
18 tion shall include the procedures for electing to receive the
19 bonus and an explanation of the effects under sections
20 1401a, 1409, and 1410 of title 10 that such an election
21 has on the computation of any retired or retainer pay
22 which the member may become eligible to receive.

23 “(e) FORM AND AMOUNT OF BONUS.—A bonus
24 under this section shall be paid in one lump sum of
25 \$30,000.

1 “(f) TIME FOR PAYMENT.—Payment of a bonus to
2 a member electing to receive the bonus under this section
3 shall be made not later than the first month that begins
4 on or after the date that is 60 days after the Secretary
5 concerned receives from the member an election that satis-
6 fies the requirements imposed under subsection (c).

7 “(g) REPAYMENT OF BONUS.—(1) If a person paid
8 a bonus under this section fails to complete the total pe-
9 riod of active duty specified in the agreement entered into
10 under subsection (b)(3), the person shall refund to the
11 United States the amount that bears the same ratio to
12 the amount of the bonus payment as the unserved part
13 of that total period bears to the total period.

14 “(2) Subject to paragraph (3), an obligation to reim-
15 burse the United States imposed under paragraph (1) is
16 for all purposes a debt owed to the United States.

17 “(3) The Secretary concerned may waive, in whole
18 or in part, a refund required under paragraph (1) if the
19 Secretary concerned determines that recovery would be
20 against equity and good conscience or would be contrary
21 to the best interests of the United States.

22 “(4) A discharge in bankruptcy under title 11 that
23 is entered less than five years after the termination of an
24 agreement under this section does not discharge the mem-

ber signing such agreement from a debt arising under the agreement or this subsection.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“318. Special pay: 15-year service bonus elected by members entering on or after August 1, 1986.”.

(c) CONFORMING AMENDMENTS TO SURVIVOR BENEFIT PLAN PROVISIONS.—(1) Section 1451(h)(3) of title 10, United States Code, is amended by inserting “OF CERTAIN MEMBERS” after “RETIREMENT”.

(2) Section 1452(i) of such title is amended by striking “When the retired pay” and inserting “Whenever the retired pay”.

(d) RELATED TECHNICAL AMENDMENTS.—(1) Section 1401a(b) of title 10, United States Code, is amended—

(A) by striking the heading for paragraph (1) and inserting “INCREASE REQUIRED.—”;

(B) by striking the heading for paragraph (2) and inserting “PERCENTAGE INCREASE.—”; and

(C) by striking the heading for paragraph (3) and inserting “REDUCED PERCENTAGE FOR CERTAIN POST-AUGUST 1, 1986 MEMBERS.—”.

1 (2) Section 1409(b)(2) of title 10, United States
 2 Code, is amended by inserting “CERTAIN” after “REDUC-
 3 TION APPLICABLE TO” in the paragraph heading.

4 (3)(A) The heading of section 1410 of such title is
 5 amended by inserting “**certain**” before “**members**”.

6 (B) The item relating to such section in the table of
 7 sections at the beginning of chapter 71 of title 10, United
 8 States Code, is amended by inserting “certain” before
 9 “members”.

10 **SEC. 202. PARTICIPATION IN THRIFT SAVINGS PLAN.**

11 (a) PARTICIPATION AUTHORITY.—(1)(A) Chapter 3
 12 of title 37, United States Code, is amended by adding at
 13 the end the following:

14 **“§ 211. Participation in Thrift Savings Plan**

15 “(a) AUTHORITY.—A member of the uniformed serv-
 16 ices serving on active duty and a member of the Ready
 17 Reserve in any pay status may participate in the Thrift
 18 Savings Plan in accordance with section 8440e of title 5.

19 “(b) RULE OF CONSTRUCTION REGARDING SEPARA-
 20 TION.—For the purposes of section 8440e of title 5, the
 21 following actions shall be considered separation of a mem-
 22 ber of the uniformed services from Government employ-
 23 ment:

24 “(1) Release of the member from active-duty
 25 service (not followed by a resumption of active-duty

1 service within 30 days after the effective date of the
2 release).

3 “(2) Transfer of the member by the Secretary
4 concerned to a retired list maintained by the Sec-
5 retary.”.

6 (B) The table of sections at the beginning of such
7 chapter is amended by adding at the end the following:
“211. Participation in Thrift Savings Plan.”.

8 (2)(A) Subchapter III of chapter 84 of title 5, United
9 States Code, is amended by adding at the end the follow-
10 ing:

11 **“§ 8440e. Members of the uniformed services: mem-**
12 **bers on active duty; members of the**
13 **Ready Reserve**

14 “(a) PARTICIPATION AUTHORIZED.—(1) A member
15 of the uniformed services authorized to participate in the
16 Thrift Savings Plan under section 211(a) of title 37 may
17 contribute to the Thrift Savings Fund.

18 “(2) An election to contribute to the Thrift Savings
19 Fund under paragraph (1) may be made only during a
20 period provided under section 8432(b) for individuals sub-
21 ject to this chapter.

22 “(b) APPLICABILITY OF THRIFT SAVINGS PLAN PRO-
23 VISIONS.—Except as otherwise provided in this section,
24 the provisions of this subchapter and subchapter VII of
25 this chapter shall apply with respect to members of the

1 uniformed services making contributions to the Thrift
2 Savings Fund as if such members were employees within
3 the meaning of section 8401(11).

4 “(c) MAXIMUM CONTRIBUTION.—(1) The amount
5 contributed by a member of the uniformed services for any
6 pay period out of basic pay may not exceed 5 percent of
7 such member’s basic pay for such pay period.

8 “(2)(A) Subject to subparagraph (B), the amount
9 contributed by a member of the Ready Reserve for any
10 pay period for any compensation received under section
11 206 of title 37 may not exceed 5 percent of such member’s
12 compensation for such pay period.

13 “(B) Notwithstanding any other provision of this
14 subchapter, no contribution may be made under this para-
15 graph for a member of the Ready Reserve for any year
16 to the extent that such contribution, when added to prior
17 contributions for such member for such year under this
18 subchapter, exceeds any limitation under section 415 of
19 the Internal Revenue Code of 1986.

20 “(d) OTHER MEMBER CONTRIBUTIONS.—A member
21 of the uniformed services making contributions to the
22 Thrift Savings Fund out of basic pay, or out of compensa-
23 tion under section 206 of title 37, may also contribute (by
24 direct transfer to the Fund) any part of any special or
25 incentive pay that the member receives under section 308,

1 308a through 308h, or 318 of title 37. No contribution
 2 made under this subsection shall be subject to, or taken
 3 into account for purposes of, the first sentence of section
 4 8432(d), relating to the applicability of any limitation
 5 under section 415 of the Internal Revenue Code of 1986.

6 “(e) AGENCY CONTRIBUTIONS GENERALLY PROHIB-
 7 ITED.—Except as provided in section 211(c) of title 37,
 8 no contribution under section 8432(c) of this title may be
 9 made for the benefit of a member of the uniformed serv-
 10 ices making contributions to the Thrift Savings Fund
 11 under subsection (a).

12 “(f) BENEFITS AND ELECTIONS OF BENEFITS.—In
 13 applying section 8433 to a member of the uniformed serv-
 14 ices who has an account balance in the Thrift Savings
 15 Fund—

16 “(1) any reference in such section to separation
 17 from Government employment shall be construed to
 18 refer to an action described in section 211(b) of title
 19 37; and

20 “(2) the reference in section 8433(g)(1) to con-
 21 tributions made under section 8432(a) shall be
 22 treated as being a reference to contributions made to
 23 the Fund by the member, whether made under sec-
 24 tion 8351, 8432(a), or this section.

1 “(g) BASIC PAY DEFINED.—For purposes of this sec-
 2 tion, the term ‘basic pay’ means basic pay that is payable
 3 under section 204 of title 37.”.

4 (B) The table of sections at the beginning of chapter
 5 84 of title 5, United States Code, is amended by adding
 6 after the item relating to section 8440d the following:

“8440e. Members of the uniformed services: members on active duty; members
 of the Ready Reserve

7 (3) Section 8432b(b) of title 5, United States Code,
 8 is amended—

9 (A) in paragraph (1), by striking “Each em-
 10 ployee” and inserting “Except as provided in para-
 11 graph (4), each employee”;

12 (B) by redesignating paragraph (4) as para-
 13 graph (5); and

14 (C) by inserting after paragraph (3) the follow-
 15 ing new paragraph (4):

16 “(4) No contribution may be made under this section
 17 for a period for which an employee made a contribution
 18 under section 8440e.”.

19 (4) Section 8473 of title 5, United States Code, is
 20 amended—

21 (A) in subsection (a), by striking “14 mem-
 22 bers” and inserting “15 members”; and

23 (B) in subsection (b)—

1 (i) by striking “14 members” and inserting
2 “15 members”;

3 (ii) by striking “and” at the end of para-
4 graph (8);

5 (iii) by striking the period at the end of
6 paragraph (9) and inserting “; and”; and

7 (iv) by adding at the end the following:

8 “(10) 1 shall be appointed to represent partici-
9 pants (under section 8440e) who are members of the
10 uniformed services.”.

11 (5) Paragraph (11) of section 8351(b) of title 5,
12 United States Code, is redesignated as paragraph (8).

13 (b) APPLICABILITY.—The authority of members of
14 the uniformed services to participate in the Thrift Savings
15 Plan under section 211 of title 37, United States Code
16 (as added by subsection (a)(1)), shall take effect on July
17 1, 2000.

18 (c) REGULATIONS.—Not later than 180 days after
19 the date of the enactment of this Act, the Executive Direc-
20 tor appointed by the Federal Thrift Retirement Invest-
21 ment Board shall issue regulations to implement section
22 8440e of title 5, United States Code (as added by sub-
23 section (a)(2)) and section 211 of title 37, United States
24 Code (as added by subsection (a)(1)).

1 **SEC. 203. SPECIAL RETENTION INITIATIVE.**

2 Section 211 of title 37, United States Code, as added
3 by section 202, is amended by adding at the end the fol-
4 lowing:

5 “(c) AGENCY CONTRIBUTIONS FOR RETENTION IN
6 CRITICAL SPECIALTIES.—(1) The Secretary concerned
7 may enter into an agreement with a member to make con-
8 tributions to the Thrift Savings Fund for the benefit of
9 the member if the member—

10 “(A) is in a specialty designated by the Sec-
11 retary as critical to meet requirements (whether
12 such specialty is designated as critical to meet war-
13 time or peacetime requirements); and

14 “(B) commits in such agreement to continue to
15 serve on active duty in that specialty for a period of
16 six years.

17 “(2) Under any agreement entered into with a mem-
18 ber under paragraph (1), the Secretary shall make con-
19 tributions to the Fund for the benefit of the member for
20 each pay period of the 6-year period of the agreement for
21 which the member makes a contribution out of basic pay
22 to the Fund under this section. Paragraph (2) of section
23 8432(c) applies to the Secretary’s obligation to make con-
24 tributions under this paragraph, except that the reference
25 in such paragraph to contributions under paragraph (1)
26 of such section does not apply.”.

1 **SEC. 204. REPEAL OF REDUCTION IN RETIRED PAY FOR CI-**
 2 **VILIAN EMPLOYEES.**

3 (a) REPEAL.—(1) Section 5532 of title 5, United
 4 States Code, is repealed.

5 (2) The chapter analysis at the beginning of chapter
 6 55 of such title is amended by striking out the item relat-
 7 ing to section 5532.

8 (b) EFFECTIVE DATE.—The amendments made by
 9 subsection (a) shall take effect on the first day of the first
 10 month that begins after the date of the enactment of this
 11 Act.

12 **TITLE III—MONTGOMERY GI**
 13 **BILL BENEFITS**

14 **SEC. 301. INCREASE IN RATES OF EDUCATIONAL ASSIST-**
 15 **ANCE FOR FULL-TIME EDUCATION.**

16 (a) INCREASE.—Section 3015 of title 38, United
 17 States Code, is amended—

18 (1) in subsection (a)(1), by striking “\$528” and
 19 inserting “\$600”; and

20 (2) in subsection (b)(1), by striking “\$429”
 21 and inserting “\$488”.

22 (b) EFFECTIVE DATE.—The amendments made by
 23 subsection (a) shall take effect on October 1, 1999, and
 24 shall apply with respect to educational assistance allow-
 25 ances paid for months after September 1999. However,
 26 no adjustment in rates of educational assistance shall be

1 made under subsection (g) of section 3015 of title 38,
2 United States Code, for fiscal year 2000.

3 **SEC. 302. TERMINATION OF REDUCTIONS OF BASIC PAY.**

4 (a) REPEALS.—(1) Section 3011 of title 38, United
5 States Code, is amended by striking subsection (b).

6 (2) Section 3012 of such title is amended by striking
7 subsection (c).

8 (3) The amendments made by paragraphs (1) and (2)
9 shall take effect on the date of the enactment of this Act
10 and shall apply to individuals whose initial obligated pe-
11 riod of active duty under section 3011 or 3012 of title
12 38, United States Code, as the case may be, begins on
13 or after such date.

14 (b) TERMINATION OF REDUCTIONS IN PROGRESS.—
15 Any reduction in the basic pay of an individual referred
16 to in section 3011(b) of title 38, United States Code, by
17 reason of such section 3011(b), or of any individual re-
18 ferred to in section 3012(c) of such title by reason of such
19 section 3012(c), as of the date of the enactment of this
20 Act shall cease commencing with the first month begin-
21 ning after such date, and any obligation of such individual
22 under such section 3011(b) or 3012(c), as the case may
23 be, as of the day before such date shall be deemed to be
24 fully satisfied as of such date.

1 (c) CONFORMING AMENDMENT.—Section 3034(e)(1)
 2 of title 38, United States Code, is amended in the second
 3 sentence by striking “as soon as practicable” and all that
 4 follows through “such additional times” and inserting “at
 5 such times”.

6 **SEC. 303. ACCELERATED PAYMENTS OF EDUCATIONAL AS-**
 7 **SISTANCE.**

8 Section 3014 of title 38, United States Code, is
 9 amended—

10 (1) by inserting “(a)” before “The Secretary
 11 shall pay”; and

12 (2) by adding at the end the following new sub-
 13 section (b):

14 “(b)(1) When the Secretary determines that it is ap-
 15 propriate to accelerate payments under the regulations
 16 prescribed pursuant to paragraph (6), the Secretary may
 17 make payments of basic educational assistance allowance
 18 under this subchapter on an accelerated basis.

19 “(2) The Secretary may pay a basic educational as-
 20 sistance allowance on an accelerated basis only to an indi-
 21 vidual entitled to payment of the allowance under this sub-
 22 chapter who has made a request for payment of the allow-
 23 ance on an accelerated basis.

24 “(3) In the event an adjustment under section
 25 3015(g) of this title in the monthly rate of basic edu-

1 cational assistance will occur during a period for which
 2 a payment of an allowance is made on an accelerated basis
 3 under this subsection, the Secretary shall—

4 “(A) pay on an accelerated basis the amount
 5 the allowance otherwise payable under this sub-
 6 chapter for the period without regard to the adjust-
 7 ment under that section; and

8 “(B) pay on the date of the adjustment any ad-
 9 ditional amount of the allowance that is payable for
 10 the period as a result of the adjustment.

11 “(4) The entitlement to a basic educational assistance
 12 allowance under this subchapter of an individual who is
 13 paid an allowance on an accelerated basis under this sub-
 14 section shall be charged at a rate equal to one month for
 15 each month of the period covered by the accelerated pay-
 16 ment of the allowance.

17 “(5) A basic educational assistance allowance shall be
 18 paid on an accelerated basis under this subsection as fol-
 19 lows:

20 “(A) In the case of an allowance for a course
 21 leading to a standard college degree, at the begin-
 22 ning of the quarter, semester, or term of the course
 23 in a lump-sum amount equivalent to the aggregate
 24 amount of monthly allowance otherwise payable

1 under this subchapter for the quarter, semester, or
 2 term, as the case may be, of the course.

3 “(B) In the case of an allowance for a course
 4 other than a course referred to in subparagraph
 5 (A)—

6 “(i) at the later of (I) the beginning of the
 7 course, or (II) a reasonable time after the re-
 8 quest for payment by the individual concerned;
 9 and

10 “(ii) in any amount requested by the indi-
 11 vidual concerned up to the aggregate amount of
 12 monthly allowance otherwise payable under this
 13 subchapter for the period of the course.

14 “(6) The Secretary shall prescribe regulations for
 15 purposes of making payments of basic educational allow-
 16 ance on an accelerated basis under this subsection. Such
 17 regulations shall specify the circumstances under which
 18 accelerated payments should be made and include require-
 19 ments relating to the request for, making and delivery of,
 20 and receipt and use of such payments.”.

21 **SEC. 304. TRANSFER OF ENTITLEMENT TO EDUCATIONAL**
 22 **ASSISTANCE.**

23 (a) **AUTHORITY TO TRANSFER TO FAMILY MEM-**
 24 **BER.**—Subchapter II of chapter 30 of title 38, United

1 States Code, is amended by adding at the end the follow-
 2 ing new section:

3 **“§ 3020. Transfer of entitlement to basic educational**
 4 **assistance**

5 “(a) The Secretary may, for the purpose of enhancing
 6 recruiting and retention, and at the Secretary’s sole dis-
 7 cretion, permit an individual entitled to educational assist-
 8 ance under this subchapter to elect to transfer such indi-
 9 vidual’s entitlement to such assistance, in whole or in part,
 10 to the individuals specified in subsection (b).

11 “(b) An individual’s entitlement to educational assist-
 12 ance may be transferred when authorized under subsection
 13 (a) as follows:

14 “(1) To the individual’s spouse.

15 “(2) To one or more of the individual’s chil-
 16 dren.

17 “(3) To a combination of the individuals re-
 18 ferred to in paragraphs (1) and (2).

19 “(c)(1) An individual electing to transfer an entitle-
 20 ment to educational assistance under this section shall—

21 “(A) designate the individual or individuals to
 22 whom such entitlement is being transferred and the
 23 percentage of such entitlement to be transferred to
 24 each such individual; and

1 “(B) specify the period for which the transfer
2 shall be effective for each individual designated
3 under subparagraph (A).

4 “(2) The aggregate amount of the entitlement trans-
5 ferable by an individual under this section may not exceed
6 the aggregate amount of the entitlement of such individual
7 to educational assistance under this subchapter.

8 “(3) An individual electing to transfer an entitlement
9 under this section may elect to modify or revoke the trans-
10 fer at any time before the use of the transferred entitle-
11 ment. An individual shall make the election by submitting
12 written notice of such election to the Secretary.

13 “(d)(1) The use of any entitlement transferred under
14 this section shall be charged against the entitlement of the
15 individual making the transfer at the rate of one month
16 for each month of transferred entitlement that is used.

17 “(2) Except as provided in paragraph (3), an individ-
18 ual using entitlement transferred under this section shall
19 be subject to the provisions of this chapter in such use
20 as if such individual were entitled to the educational as-
21 sistance covered by the transferred entitlement in the indi-
22 vidual’s own right.

23 “(3) Notwithstanding section 3031 of this title, a
24 child shall complete the use of any entitlement transferred

1 to the child under this section before the child attains the
2 age of 26 years.

3 “(e) In the event of an overpayment of educational
4 assistance with respect to an individual to whom entitle-
5 ment is transferred under this section, such individual and
6 the individual making the transfer under this section shall
7 be jointly and severally liable to the United States for the
8 amount of the overpayment for purposes of section 3685
9 of this title.

10 “(f) The Secretary shall prescribe regulations for
11 purposes of this section. Such regulations shall specify the
12 manner and effect of an election to modify or revoke a
13 transfer of entitlement under subsection (c)(3).”.

14 (b) CLERICAL AMENDMENT.—The table of sections
15 at the beginning of such chapter is amended by inserting
16 after the item relating to section 3019 the following new
17 item:

“3020. Transfer of entitlement to basic educational assistance.”.

18 **SEC. 305. AVAILABILITY OF MONTGOMERY GI BILL BENE-**
19 **FITS FOR PREPARATORY COURSES FOR COL-**
20 **LEGE AND GRADUATE SCHOOL ENTRANCE**
21 **EXAMS.**

22 For purposes of section 3002(3) of title 38, United
23 States Code, the term “program of education” shall in-
24 clude the following:

1 (1) A preparatory course for a test that is re-
 2 quired or utilized for admission to an institution of
 3 higher education.

4 (2) A preparatory course for test that is re-
 5 quired or utilized for admission to a graduate school.

6 **TITLE IV—OTHER EDUCATIONAL** 7 **BENEFITS**

8 **SEC. 401. ACCELERATED PAYMENTS OF CERTAIN EDU-** 9 **CATIONAL ASSISTANCE FOR MEMBERS OF** 10 **THE SELECTED RESERVE.**

11 Section 16131 of title 10, United States Code, is
 12 amended by adding at the end the following new sub-
 13 section:

14 “(j)(1) Whenever a person entitled to an educational
 15 assistance allowance under this chapter so requests and
 16 the Secretary concerned, in consultation with the Chief of
 17 the reserve component concerned, determines it appro-
 18 priate, the Secretary may make payments of the edu-
 19 cational assistance allowance to the person on an acceler-
 20 ated basis.

21 “(2) An educational assistance allowance shall be
 22 paid to a person on an accelerated basis under this sub-
 23 section as follows:

24 “(A) In the case of an allowance for a course
 25 leading to a standard college degree, at the begin-

1 ning of the quarter, semester, or term of the course
 2 in a lump-sum amount equivalent to the aggregate
 3 amount of monthly allowance otherwise payable
 4 under this chapter for the quarter, semester, or
 5 term, as the case may be, of the course.

6 “(B) In the case of an allowance for a course
 7 other than a course referred to in subparagraph
 8 (A)—

9 “(i) at the later of (I) the beginning of the
 10 course, or (II) a reasonable time after the Sec-
 11 retary concerned receives the person’s request
 12 for payment on an accelerated basis; and

13 “(ii) in any amount requested by the per-
 14 son up to the aggregate amount of monthly al-
 15 lowance otherwise payable under this chapter
 16 for the period of the course.

17 “(3) If an adjustment in the monthly rate of edu-
 18 cational assistance allowances will be made under sub-
 19 section (b)(2) during a period for which a payment of the
 20 allowance is made to a person on an accelerated basis, the
 21 Secretary concerned shall—

22 “(A) pay on an accelerated basis the amount of
 23 the allowance otherwise payable for the period with-
 24 out regard to the adjustment under that subsection;
 25 and

1 “(B) pay on the date of the adjustment any ad-
2 ditional amount of the allowance that is payable for
3 the period as a result of the adjustment.

4 “(4) A person’s entitlement to an educational assist-
5 ance allowance under this chapter shall be charged at a
6 rate equal to one month for each month of the period cov-
7 ered by an accelerated payment of the allowance to the
8 person under this subsection.

9 “(5) The regulations prescribed by the Secretary of
10 Defense and the Secretary of Transportation under sub-
11 section (a) shall provide for the payment of an educational
12 assistance allowance on an accelerated basis under this
13 subsection. The regulations shall specify the circumstances
14 under which accelerated payments may be made and the
15 manner of the delivery, receipt, and use of the allowance
16 so paid

17 “(6) In this subsection, the term ‘Chief of the reserve
18 component concerned’ means the following:

19 “(A) The Chief of the Army Reserve, with re-
20 spect to members of the Army Reserve.

21 “(B) the Chief of Naval Reserve, with respect
22 to members of the Naval Reserve.

23 “(C) The Chief of the Air Force Reserve, with
24 respect to members of the Air Force Reserve.

1 “(D) The Commander, Marine Reserve Forces,
2 with respect to members of the Marine Corps Re-
3 serve.

4 “(E) The Chief of the National Guard Bureau,
5 with respect to members of the Army National
6 Guard and the Air National Guard.

7 “(F) The Commandant of the Coast Guard,
8 with respect to members of the Coast Guard Re-
9 serve.”.

10 **SEC. 402. MODIFICATION OF TIME FOR USE BY CERTAIN**
11 **MEMBERS OF THE SELECTED RESERVE OF**
12 **ENTITLEMENT TO CERTAIN EDUCATIONAL**
13 **ASSISTANCE.**

14 Section 16133(b) of title 10, United States Code, is
15 amended by adding at the end the following new para-
16 graph:

17 “(5)(A) In the case of a person who continues to
18 serve as member of the Selected Reserve as of the end
19 of the 10-year period applicable to the person under sub-
20 section (a), as extended, if at all, under paragraph (4),
21 the period during which the person may use the person’s
22 entitlement shall expire at the end of the 5-year period
23 beginning on the date the person is separated from the
24 Selected Reserve.

1 “(B) The provisions of paragraph (4) shall apply with
 2 respect to any period of active duty of a person referred
 3 to in subparagraph (A) during the 5-year period referred
 4 to in that subparagraph.”.

5 **TITLE V—REPORT**

6 **SEC. 501. ANNUAL REPORT ON EFFECTS OF INITIATIVES ON** 7 **RECRUITMENT AND RETENTION.**

8 (a) REQUIREMENT FOR REPORT.—On December 1 of
 9 each year, the Secretary of Defense shall submit to Con-
 10 gress a report that sets forth the Secretary’s assessment
 11 of the effects that the provisions of this Act and the
 12 amendments made by the Act are having on recruitment
 13 and retention of personnel for the Armed Forces.

14 (b) FIRST REPORT.—The first report under this sec-
 15 tion shall be submitted not later than December 1, 2000.

16 **SEC. 502. REPORT AND REGULATIONS ON DEPARTMENT OF** 17 **DEFENSE POLICIES ON PROTECTING THE** 18 **CONFIDENTIALITY OF COMMUNICATIONS** 19 **WITH PROFESSIONALS PROVIDING THERA-** 20 **PEUTIC OR RELATED SERVICES REGARDING** 21 **SEXUAL OR DOMESTIC ABUSE.**

22 (a) REQUIREMENT FOR STUDY.—(1) The Comptrol-
 23 ler General shall study the policies, procedures, and prac-
 24 tices of the military departments for protecting the con-
 25 fidentiality of communications between—

1 (A) a dependent of a member of the Armed
2 Forces who—

3 (i) is a victim of sexual harassment, sexual
4 assault, or intrafamily abuse; or

5 (ii) has engaged in such misconduct; and

6 (B) a therapist, counselor, advocate, or other
7 professional from whom the dependent seeks profes-
8 sional services in connection with effects of such
9 misconduct.

10 (2) The Comptroller General shall conclude the study
11 and submit to the Secretary of Defense a report on the
12 results of the study within such period as is necessary to
13 enable the Secretary to satisfy the reporting requirement
14 under subsection (d).

15 (b) REGULATIONS.—The Secretary of Defense shall
16 prescribe in regulations the policies and procedures that
17 the Secretary considers necessary to provide the maximum
18 possible protections for the confidentiality of communica-
19 tions described in subsection (a) relating to misconduct
20 described in that subsection, consistent with—

21 (1) the findings of the Comptroller General;

22 (2) the standards of confidentiality and ethical
23 standards issued by relevant professional organiza-
24 tions;

1 (3) applicable requirements of Federal and
2 State law;

3 (4) the best interest of victims of sexual harass-
4 ment, sexual assault, or intrafamily abuse; and

5 (5) such other factors as the Secretary, in con-
6 sultation with the Attorney General, may consider
7 appropriate.

8 **TITLE VI—MISCELLANEOUS**

9 **SEC. 601. IMPROVEMENT OF TRICARE PROGRAM.**

10 (a) IMPROVEMENT OF TRICARE PROGRAM.—(1)
11 Chapter 55 of title 10, United States Code, is amended
12 by inserting after section 1097a the following new section:

13 **“§ 1097b. TRICARE: comparability of benefits with**
14 **benefits under Federal Employees Health**
15 **Benefits program; other requirements**
16 **and authorities**

17 “(a) COMPARABILITY OF BENEFITS.—The Secretary
18 of Defense shall, to the maximum extent practicable, en-
19 sure that the health care coverage available through the
20 TRICARE program is substantially similar to the health
21 care coverage available under similar health benefits plans
22 offered under the Federal Employees Health Benefits pro-
23 gram established under chapter 89 of title 5.

24 “(b) PORTABILITY OF BENEFITS.—The Secretary of
25 Defense shall provide that any covered beneficiary enrolled

1 in the TRICARE program may receive benefits under that
2 program at facilities that provide benefits under that pro-
3 gram throughout the various regions of that program.

4 “(c) PATIENT MANAGEMENT.—(1) The Secretary of
5 Defense shall, to the maximum extent practicable, mini-
6 mize the authorization or certification requirements im-
7 posed upon covered beneficiaries under the TRICARE
8 program as a condition of access to benefits under that
9 program.

10 “(2) The Secretary of Defense shall, to the maximum
11 extent practicable, utilize practices for processing claims
12 under the TRICARE program that are similar to the best
13 industry practices for processing claims for health care
14 services in a simplified and expedited manner. To the max-
15 imum extent practicable, such practices shall include elec-
16 tronic processing of claims.

17 “(d) REIMBURSEMENT OF HEALTH CARE PROVID-
18 ERS.—(1) Subject to paragraph (2), the Secretary of De-
19 fense may increase the reimbursement provided to health
20 care providers under the TRICARE program above the
21 reimbursement otherwise authorized such providers under
22 that program if the Secretary determines that such in-
23 crease is necessary in order to ensure the availability of
24 an adequate number of qualified health care providers
25 under that program.

1 “(2) The amount of reimbursement provided under
2 paragraph (1) with respect to a health care service may
3 not exceed the lesser of—

4 “(A) the amount equal to the local usual and
5 customary charge for the service in the service area
6 (as determined by the Secretary) in which the serv-
7 ice is provided; or

8 “(B) the amount equal to 115 per cent of the
9 CHAMPUS maximum allowable charge for the serv-
10 ice.

11 “(e) AUTHORITY FOR CERTAIN THIRD-PARTY COL-
12 LECTIONS.—(1) A medical treatment facility of the uni-
13 formed services under the TRICARE program may collect
14 from a third-party payer the reasonable charges for health
15 care services described in paragraph (2) that are incurred
16 by the facility on behalf of a covered beneficiary under
17 that program to the extent that the beneficiary would be
18 eligible to receive reimbursement or indemnification from
19 the third-party payer if the beneficiary were to incur such
20 charges on the beneficiary’s own behalf.

21 “(2) The reasonable charges described in this para-
22 graph are reasonable charges for services or care covered
23 by the medicare program under title XVIII of the Social
24 Security Act.

1 “(3) The collection of charges, and the utilization of
 2 amounts collected, under this subsection shall be subject
 3 to the provisions of section 1095 of this title. The term
 4 ‘reasonable costs’, as used in that section shall be deemed
 5 for purposes of the application of that section to this sub-
 6 section to refer to the reasonable charges described in
 7 paragraph (2).

8 “(f) CONSULTATION.—The Secretary of Defense
 9 shall carry out any actions under this section after con-
 10 sultation with the other administering Secretaries.”.

11 (2) The table of sections at the beginning of chapter
 12 55 of such title is amended by inserting after the item
 13 relating to section 1097a the following new item:

“1097b. TRICARE: comparability of benefits with benefits under Federal Em-
 ployees Health Benefits program; other requirements and au-
 thorities.”.

14 (b) EFFECTIVE DATE.—The amendments made by
 15 subsection (a) shall take effect one year after the date of
 16 the enactment of this Act.

17 (c) REPORT ON IMPLEMENTATION.—(1) Not later
 18 than 6 months after the date of the enactment of this Act,
 19 the Secretary of Defense, in consultation with the other
 20 administering Secretaries, shall submit to Congress a re-
 21 port assessing the effects of the implementation of the re-
 22 quirements and authorities set forth in section 1097b of
 23 title 10, United States Code (as added by subsection (a)).

24 (2) The report shall include the following:

1 (A) An assessment of the cost of the implemen-
 2 tation of such requirements and authorities.

3 (B) An assessment whether or not the imple-
 4 mentation of any such requirements and authorities
 5 will result in the utilization by the TRICARE pro-
 6 gram of the best industry practices with respect to
 7 the matters covered by such requirements and au-
 8 thorities.

9 (3) In this subsection, the term “administering Sec-
 10 retaries” has the meaning given that term in section
 11 1072(3) of title 10, United States Code.

12 (d) INAPPLICABILITY OF REPORTING REQUIRE-
 13 MENTS.—The reports required by section 501 shall not
 14 address the amendments made by subsection (a).

15 **SEC. 602. SENSE OF SENATE REGARDING PROCESSING OF**
 16 **CLAIMS FOR VETERANS’ BENEFITS.**

17 (a) FINDINGS.—The Senate makes the following
 18 findings:

19 (1) Despite advances in technology, tele-
 20 communications, and training, the Department of
 21 Veterans Affairs currently requires 20 percent more
 22 time to process claims for veterans’ benefits than the
 23 Department required to process such claims in 1997.

24 (2) The Department does not currently process
 25 claims for veterans’ benefits in a timely manner.

1 (b) SENSE OF SENATE.—It is the sense of the Senate
 2 to urge the Secretary of Veterans Affairs to—

3 (1) review the program, policies, and procedures
 4 of the Veterans Benefits Administration of the De-
 5 partment of Veterans Affairs in order to identify
 6 areas in which the Administration does not currently
 7 process claims for veterans' benefits in a manner
 8 consistent with the objectives set forth in the Na-
 9 tional Performance Review (including objectives re-
 10 garding timeliness of Executive branch activities);

11 (2) initiate any actions necessary to ensure that
 12 the Administration processes claims for such bene-
 13 fits in a manner consistent with such objectives; and

14 (3) report to the Congress by June 1, 1999, on
 15 measures taken to improve processing time for veter-
 16 ans' claims.

17 **SEC. 603. EXPANSION OF LIST OF DISEASES PRESUMED TO**
 18 **BE SERVICE-CONNECTED FOR RADIATION-EX-**
 19 **POSED VETERANS.**

20 Section 1112(c)(2) of title 38, United States Code,
 21 is amended by adding at the end the following:

22 “(P) Lung cancer.

23 “(Q) Colon cancer.

24 “(R) Tumors of the brain and central nervous
 25 system.”.

1 **SEC. 604. MEDICARE SUBVENTION DEMONSTRATION**
2 **PROJECT FOR VETERANS.**

3 Title XVIII of the Social Security Act (42 U.S.C.
4 1395 et seq.) is amended by adding at the end the follow-
5 ing:

6 “MEDICARE SUBVENTION DEMONSTRATION PROJECT FOR
7 VETERANS

8 “SEC. 1897. (a) DEFINITIONS.—In this section:

9 “(1) ADMINISTERING SECRETARIES.—The term
10 ‘administering Secretaries’ means the Secretary and
11 the Secretary of Veterans Affairs acting jointly.

12 “(2) DEMONSTRATION PROJECT; PROJECT.—
13 The terms ‘demonstration project’ and ‘project’
14 mean the demonstration project carried out under
15 this section.

16 “(3) DEMONSTRATION SITE.—The term ‘dem-
17 onstration site’ means a Veterans Affairs medical fa-
18 cility, including a group of Veterans Affairs medical
19 facilities that provide hospital care or medical serv-
20 ices as part of a service network or similar organiza-
21 tion.

22 “(4) MILITARY RETIREE.—The term ‘military
23 retiree’ means a member or former member of the
24 Armed Forces who is entitled to retired pay.

1 “(5) TARGETED MEDICARE-ELIGIBLE VET-
 2 ERAN.—The term ‘targeted medicare-eligible vet-
 3 eran’ means an individual who—

4 “(A) is a veteran (as defined in section
 5 101(2) of title 38, United States Code) and is
 6 described in section 1710(a)(3) of title 38,
 7 United States Code;

8 “(B) has attained age 65;

9 “(C) is entitled to benefits under part A of
 10 this title; and

11 “(D)(i) is enrolled for benefits under part
 12 B of this title; and

13 “(ii) if such individual attained age 65 be-
 14 fore the date of enactment of the Veterans’
 15 Equal Access to Medicare Act, was so enrolled
 16 on such date.

17 “(6) TRUST FUNDS.—The term ‘trust funds’
 18 means the Federal Hospital Insurance Trust Fund
 19 established in section 1817 and the Federal Supple-
 20 mentary Medical Insurance Trust Fund established
 21 in section 1841.

22 “(7) VETERANS AFFAIRS MEDICAL FACILITY.—
 23 The term ‘Veterans Affairs medical facility’ means a
 24 medical facility as defined in section 8101 of title
 25 38, United States Code.

1 “(b) DEMONSTRATION PROJECT.—

2 “(1) IN GENERAL.—

3 “(A) ESTABLISHMENT.—The administer-
4 ing Secretaries are authorized to establish a
5 demonstration project (under an agreement en-
6 tered into by the administering Secretaries)
7 under which the Secretary shall reimburse the
8 Secretary of Veterans Affairs, from the trust
9 funds, for medicare health care services fur-
10 nished to certain targeted medicare-eligible vet-
11 erans at a demonstration site.

12 “(B) AGREEMENT.—The agreement en-
13 tered into under subparagraph (A) shall include
14 at a minimum—

15 “(i) a description of the benefits to be
16 provided to the participants in the dem-
17 onstration project established under this
18 section;

19 “(ii) a description of the eligibility
20 rules for participation in the demonstration
21 project, including any terms and conditions
22 established under subparagraph (C) and
23 any cost-sharing required under subpara-
24 graph (D);

1 “(iii) a description of how the dem-
2 onstration project will satisfy the require-
3 ments under this title (including bene-
4 ficiary protections and quality assurance
5 mechanisms);

6 “(iv) a description of the demonstra-
7 tion sites selected under paragraph (2);

8 “(v) a description of how reimburse-
9 ment and maintenance of effort require-
10 ments under subsection (h) will be imple-
11 mented in the demonstration project;

12 “(vi) a statement that the Secretary
13 shall have access to all data of the Depart-
14 ment of Veterans Affairs that the Sec-
15 retary determines is necessary to conduct
16 independent estimates and audits of the
17 maintenance of effort requirement, the an-
18 nual reconciliation, and related matters re-
19 quired under the demonstration project;

20 “(vii) a description of any require-
21 ment that the Secretary waives pursuant
22 to subsection (d); and

23 “(viii) a certification, provided after
24 review by the administering Secretaries,
25 that any entity that is receiving payments

1 by reason of the demonstration project has
2 sufficient—

3 “(I) resources and expertise to
4 provide, consistent with payments
5 under subsection (h), the full range of
6 benefits required to be provided to
7 beneficiaries under the project; and

8 “(II) information and billing sys-
9 tems in place to ensure the accurate
10 and timely submission of claims for
11 benefits and to ensure that providers
12 of services, physicians, and other
13 health care professionals are reim-
14 bursed by the entity in a timely and
15 accurate manner.

16 “(C) VOLUNTARY PARTICIPATION.—Par-
17 ticipation of targeted medicare-eligible veterans
18 in the demonstration project shall be voluntary,
19 subject to the capacity of participating dem-
20 onstration sites and the funding limitations
21 specified in subsection (h), and shall be subject
22 to such terms and conditions as the administer-
23 ing Secretaries may establish. In the case of a
24 demonstration site described in paragraph
25 (2)(C)(i), targeted medicare-eligible veterans

1 who are military retirees shall be given pref-
2 erence for participating in the project conducted
3 at that site.

4 “(D) COST-SHARING.—The Secretary of
5 Veterans Affairs may establish cost-sharing re-
6 quirements for veterans participating in the
7 demonstration project. If such cost-sharing re-
8 quirements are established, those requirements
9 shall be the same as the requirements that
10 apply to targeted medicare-eligible patients at
11 medical centers that are not Veterans Affairs
12 medical facilities.

13 “(E) DATA MATCH.—

14 “(i) ESTABLISHMENT OF DATA
15 MATCHING PROGRAM.—The administering
16 Secretaries shall establish a data matching
17 program under which there is an exchange
18 of information of the Department of Veter-
19 ans Affairs and of the Department of
20 Health and Human Services as is nec-
21 essary to identify veterans (as defined in
22 section 101(2) of title 38, United States
23 Code) who are entitled to benefits under
24 part A or enrolled under part B, or both,
25 in order to carry out this section. The pro-

visions of section 552a of title 5, United States Code, shall apply with respect to such matching program only to the extent the administering Secretaries find it feasible and appropriate in carrying out this section in a timely and efficient manner.

“(ii) PERFORMANCE OF DATA MATCH.—The administering Secretaries, using the data matching program established under clause (i), shall perform a comparison in order to identify veterans who are entitled to benefits under part A or enrolled under part B, or both. To the extent such Secretaries deem appropriate to carry out this section, the comparison and identification may distinguish among such veterans by category of veterans, by entitlement to benefits under this title, or by other characteristics.

“(iii) DEADLINE FOR FIRST DATA MATCH.—Not later than October 31, 1999, the administering Secretaries shall first perform a comparison under clause (ii).

“(iv) CERTIFICATION BY INSPECTOR GENERAL.—

1 “(I) IN GENERAL.—The admin-
2 istering Secretaries may not conduct
3 the program unless the Inspector Gen-
4 eral of the Department of Health and
5 Human Services certifies to Congress
6 that the administering Secretaries
7 have established the data matching
8 program under clause (i) and have
9 performed a comparison under clause
10 (ii).

11 “(II) DEADLINE FOR CERTIFI-
12 CATION.—Not later than December
13 15, 1999, the Inspector General of the
14 Department of Health and Human
15 Services shall submit a report to Con-
16 gress containing the certification
17 under subclause (I) or the denial of
18 such certification.

19 “(2) NUMBER OF DEMONSTRATION SITES.—

20 “(A) IN GENERAL.—Subject to subpara-
21 graphs (B) and (C), and subsection
22 (g)(1)(D)(ii), the administering Secretaries
23 shall establish a plan for the selection of up to
24 10 demonstration sites located in geographically
25 dispersed locations to participate in the project.

1 “(B) CRITERIA.—The administering Sec-
2 retaries shall favor selection of those dem-
3 onstration sites that consideration of the follow-
4 ing factors indicate are suited to serve targeted
5 medicare-eligible veterans:

6 “(i) There is a high potential demand
7 by targeted medicare-eligible veterans for
8 the services to be provided at the dem-
9 onstration site.

10 “(ii) The demonstration site has suffi-
11 cient capability in billing and accounting to
12 participate in the project.

13 “(iii) The demonstration site can dem-
14 onstrate favorable indicators of quality of
15 care, including patient satisfaction.

16 “(iv) The demonstration site delivers
17 a range of services required by targeted
18 medicare-eligible veterans.

19 “(v) The demonstration site meets
20 other relevant factors identified in the
21 plan.

22 “(C) REQUIRED DEMONSTRATION SITES.—
23 At least 1 of each of the following demonstra-
24 tion sites shall be selected for inclusion in the
25 demonstration project:

1 “(i) DEMONSTRATION SITE NEAR
2 CLOSED BASE.—A demonstration site that
3 is in the same catchment area as a mili-
4 tary treatment facility referred to in sec-
5 tion 1074(a) of title 10, United States
6 Code, which was closed pursuant to
7 either—

8 “(I) the Defense Base Closure
9 and Realignment Act of 1990 (part A
10 of title XXIX of Public Law 101–510;
11 10 U.S.C. 2687 note); or

12 “(II) title II of the Defense Au-
13 thorization Amendments and Base
14 Closure and Realignment Act (Public
15 Law 100–526; 10 U.S.C. 2687 note).

16 “(ii) DEMONSTRATION SITE IN A
17 RURAL AREA.—A demonstration site that
18 serves a predominantly rural population.

19 “(3) RESTRICTION.—No new buildings may be
20 built or existing buildings expanded with funds from
21 the demonstration project.

22 “(4) DURATION.—The administering Secretar-
23 ies shall conduct the demonstration project during
24 the 3-year period beginning on January 1, 2000.

1 “(c) CREDITING OF PAYMENTS.—A payment received
2 by the Secretary of Veterans Affairs under the demonstra-
3 tion project shall be credited to the applicable Department
4 of Veterans Affairs medical appropriation and (within that
5 appropriation) to funds that have been allotted to the
6 demonstration site that furnished the services for which
7 the payment is made. Any such payment received during
8 a fiscal year for services provided during a prior fiscal year
9 may be obligated by the Secretary of Veterans Affairs dur-
10 ing the fiscal year during which the payment is received.

11 “(d) AUTHORITY TO WAIVE CERTAIN MEDICARE RE-
12 QUIREMENTS.—

13 “(1) IN GENERAL.—Except as provided in para-
14 graph (2), the Secretary may, to the extent nec-
15 essary to carry out the demonstration project, waive
16 any requirement under this title.

17 “(2) BENEFICIARY PROTECTIONS FOR MAN-
18 AGED CARE PLANS.—In the case of a managed care
19 plan established by the Secretary of Veterans Affairs
20 pursuant to subsection (g), such plan shall comply
21 with the requirements of part C of this title that re-
22 late to beneficiary protections and other matters, in-
23 cluding such requirements relating to the following
24 areas:

25 “(A) Enrollment and disenrollment.

1 “(B) Nondiscrimination.

2 “(C) Information provided to beneficiaries.

3 “(D) Cost-sharing limitations.

4 “(E) Appeal and grievance procedures.

5 “(F) Provider participation.

6 “(G) Access to services.

7 “(H) Quality assurance and external re-
8 view.

9 “(I) Advance directives.

10 “(J) Other areas of beneficiary protections
11 that the Secretary determines are applicable to
12 such project.

13 “(3) DESCRIPTION OF WAIVER.—If the Sec-
14 retary waives any requirement pursuant to para-
15 graph (1), the Secretary shall include a description
16 of such waiver in the agreement described in sub-
17 section (b)(1)(B).

18 “(e) INSPECTOR GENERAL.—Nothing in the agree-
19 ment entered into under subsection (b) shall limit the In-
20 spector General of the Department of Health and Human
21 Services from investigating any matters regarding the ex-
22 penditure of funds under this title for the demonstration
23 project, including compliance with the provisions of this
24 title and all other relevant laws.

1 “(f) REPORT.—At least 60 days prior to the com-
 2 mencement of the demonstration project, the administer-
 3 ing Secretaries shall submit a copy of the agreement en-
 4 tered into under subsection (b) to the committees of juris-
 5 diction in Congress.

6 “(g) MANAGED HEALTH CARE.—

7 “(1) MANAGED HEALTH CARE PLANS.—

8 “(A) IN GENERAL.—The Secretary of Vet-
 9 erans Affairs may establish and operate man-
 10 aged health care plans at demonstration sites.

11 “(B) REQUIREMENTS.—Any managed
 12 health care plan established in accordance with
 13 subparagraph (A) shall be operated by or
 14 through a Veterans Affairs medical facility, or
 15 a group of Veterans Affairs medical facilities,
 16 and may include the provision of health care
 17 services by public and private entities under ar-
 18 rangements made between the Department of
 19 Veterans Affairs and the other public or private
 20 entity concerned. Any such managed health
 21 care plan shall be established and operated in
 22 conformance with standards prescribed by the
 23 administering Secretaries.

24 “(C) MINIMUM BENEFITS.—The admin-
 25 istering Secretaries shall prescribe the mini-

1 mum health care benefits to be provided under
 2 a managed health care plan to veterans enrolled
 3 in the plan, which benefits shall include at least
 4 all health care services covered under the medi-
 5 care program under this title.

6 “(D) INCLUSION IN NUMBER OF DEM-
 7 ONSTRATION SITES.—

8 “(i) IN GENERAL.—Subject to clause
 9 (ii), if the Secretary of Veterans Affairs
 10 elects to establish a managed health care
 11 plan under this section, the establishment
 12 of such plan is a selected demonstration
 13 site for purposes of applying the numerical
 14 limitation under subsection (b)(2).

15 “(ii) LIMITATION.—The Secretary of
 16 Veterans Affairs shall not establish more
 17 than 4 managed health care plans under
 18 this section.

19 “(2) DEMONSTRATION SITE REQUIREMENTS.—
 20 The Secretary of Veterans Affairs may establish a
 21 managed health care plan under paragraph (1)
 22 using 1 or more demonstration sites and other pub-
 23 lic or private entities only after the Secretary of Vet-
 24 erans Affairs submits to Congress a report setting
 25 forth a plan for the use of such sites and entities.

1 The plan may not be implemented until the Sec-
2 retary of Veterans Affairs has received from the In-
3 specter General of the Department of Veterans Af-
4 fairs, and has forwarded to Congress, certification of
5 each of the following:

6 “(A) The cost accounting system of the
7 Veterans Health Administration (currently
8 known as the Decision Support System) is oper-
9 ational and is providing reliable cost informa-
10 tion on care delivered on an inpatient and out-
11 patient basis at such sites and entities.

12 “(B) The demonstration sites and entities
13 have developed a credible plan (on the basis of
14 market surveys, data from the Decision Support
15 System, actuarial analysis, or other appropriate
16 methods and taking into account the level of
17 payment under subsection (h) and the costs of
18 providing covered services at the sites and enti-
19 ties) to minimize, to the extent feasible, the risk
20 that appropriated funds allocated to the sites
21 and entities will be required to meet the obliga-
22 tion of the sites and entities to targeted medi-
23 care-eligible veterans under the demonstration
24 project.

1 “(C) The demonstration sites and entities
2 collectively have available capacity to provide
3 the contracted benefits package to a sufficient
4 number of targeted medicare-eligible veterans.

5 “(D) The Veterans Affairs medical facility
6 administering the health plan has sufficient sys-
7 tems and safeguards in place to minimize any
8 risk that instituting the managed care model
9 will result in reducing the quality of care deliv-
10 ered to participants in the demonstration
11 project or to other veterans receiving care under
12 paragraph (1) or (2) of section 1710(a) of title
13 38, United States Code.

14 “(3) RESERVES.—The Secretary of Veterans
15 Affairs shall maintain such reserves as may be nec-
16 essary to ensure against the risk that appropriated
17 funds, allocated to demonstration sites and public or
18 private entities participating in the demonstration
19 project through a managed health care plan under
20 this section, will be required to meet the obligations
21 of those sites and entities to targeted medicare-eli-
22 ble veterans.

23 “(h) PAYMENTS BASED ON REGULAR MEDICARE
24 PAYMENT RATES.—

25 “(1) PAYMENTS.—

1 “(A) IN GENERAL.—Subject to the suc-
2 ceeding provisions of this subsection, the Sec-
3 retary shall reimburse the Secretary of Veter-
4 ans Affairs for services provided under the dem-
5 onstration project at the following rates:

6 “(i) NONCAPITATION.—Except as pro-
7 vided in clause (ii) and subject to subpara-
8 graphs (B) and (D), at a rate equal to 95
9 percent of the amounts that otherwise
10 would be payable under this title on a
11 noncapitated basis for such services if the
12 demonstration site was not part of this
13 demonstration project, was participating in
14 the medicare program, and imposed
15 charges for such services.

16 “(ii) CAPITATION.—Subject to sub-
17 paragraphs (B) and (D), in the case of
18 services provided to an enrollee under a
19 managed health care plan established
20 under subsection (g), at a rate equal to 95
21 percent of the amount paid to a
22 Medicare+Choice organization under part
23 C with respect to such an enrollee.

24 “(iii) OTHER CASES.—In cases in
25 which a payment amount may not other-

1 wise be readily computed under clauses (i)
 2 or (ii), the Secretaries shall establish rules
 3 for computing equivalent or comparable
 4 payment amounts.

5 “(B) EXCLUSION OF CERTAIN AMOUNTS.—

6 In computing the amount of payment under
 7 subparagraph (A), the following shall be ex-
 8 cluded:

9 “(i) DISPROPORTIONATE SHARE HOS-
 10 PITAL ADJUSTMENT.—Any amount attrib-
 11 utable to an adjustment under section
 12 1886(d)(5)(F) of the Social Security Act
 13 (42 U.S.C. 1395ww(d)(5)(F)).

14 “(ii) DIRECT GRADUATE MEDICAL
 15 EDUCATION PAYMENTS.—Any amount at-
 16 tributable to a payment under subsection
 17 (h) of such section.

18 “(iii) PERCENTAGE OF INDIRECT
 19 MEDICAL EDUCATION ADJUSTMENT.—40
 20 percent of any amount attributable to the
 21 adjustment under subsection (d)(5)(B) of
 22 such section.

23 “(iv) PERCENTAGE OF CAPITAL PAY-
 24 MENTS.—67 percent of any amounts at-

1 tributable to payments for capital-related
2 costs under subsection (g) of such section.

3 “(C) PERIODIC PAYMENTS FROM MEDI-
4 CARE TRUST FUNDS.—Payments under this
5 subsection shall be made—

6 “(i) on a periodic basis consistent
7 with the periodicity of payments under this
8 title; and

9 “(ii) in appropriate part, as deter-
10 mined by the Secretary, from the trust
11 funds.

12 “(D) ANNUAL LIMIT ON MEDICARE PAY-
13 MENTS.—The amount paid to the Department
14 of Veterans Affairs under this subsection for
15 any year for the demonstration project may not
16 exceed \$50,000,000.

17 “(2) REDUCTION IN PAYMENT FOR VA FAILURE
18 TO MAINTAIN EFFORT.—

19 “(A) IN GENERAL.—To avoid shifting onto
20 the medicare program under this title costs pre-
21 viously assumed by the Department of Veterans
22 Affairs for the provision of medicare-covered
23 services to targeted medicare-eligible veterans,
24 the payment amount under this subsection for

the project for a fiscal year shall be reduced by
the amount (if any) by which—

“(i) the amount of the VA effort level
for targeted veterans (as defined in sub-
paragraph (B)) for the fiscal year ending
in such year, is less than

“(ii) the amount of the VA effort level
for targeted veterans for fiscal year 1998.

“(B) VA EFFORT LEVEL FOR TARGETED
VETERANS DEFINED.—For purposes of sub-
paragraph (A), the term ‘VA effort level for
targeted veterans’ means, for a fiscal year, the
amount, as estimated by the administering Sec-
retaries, that would have been expended under
the medicare program under this title for VA-
provided medicare-covered services for targeted
veterans (as defined in subparagraph (C)) for
that fiscal year if benefits were available under
the medicare program for those services. Such
amount does not include expenditures attrib-
utable to services for which reimbursement is
made under the demonstration project.

“(C) VA-PROVIDED MEDICARE-COVERED
SERVICES FOR TARGETED VETERANS.—For
purposes of subparagraph (B), the term ‘VA-

provided medicare-covered services for targeted veterans' means, for a fiscal year, items and services—

“(i) that are provided during the fiscal year by the Department of Veterans Affairs to targeted medicare-eligible veterans;

“(ii) that constitute hospital care and medical services under chapter 17 of title 38, United States Code; and

“(iii) for which benefits would be available under the medicare program under this title if they were provided other than by a Federal provider of services that does not charge for those services.

“(3) ASSURING NO INCREASE IN COST TO MEDICARE PROGRAM.—

“(A) MONITORING EFFECT OF DEMONSTRATION PROGRAM ON COSTS TO MEDICARE PROGRAM.—

“(i) IN GENERAL.—The Secretaries, in consultation with the Comptroller General, shall closely monitor the expenditures made under the medicare program for targeted medicare-eligible veterans during the

1 period of the demonstration project com-
2 pared to the expenditures that would have
3 been made for such veterans during that
4 period if the demonstration project had not
5 been conducted.

6 “(ii) ANNUAL REPORT BY THE COMP-
7 TROLLER GENERAL.—Not later than De-
8 cember 31 of each year during which the
9 demonstration project is conducted, the
10 Comptroller General shall submit to the
11 Secretaries and the appropriate committees
12 of Congress a report on the extent, if any,
13 to which the costs of the Secretary under
14 the medicare program under this title in-
15 creased during the preceding fiscal year as
16 a result of the demonstration project.

17 “(B) REQUIRED RESPONSE IN CASE OF IN-
18 CREASE IN COSTS.—

19 “(i) IN GENERAL.—If the administer-
20 ing Secretaries find, based on subpara-
21 graph (A), that the expenditures under the
22 medicare program under this title in-
23 creased (or are expected to increase) dur-
24 ing a fiscal year because of the demonstra-

tion project, the administering Secretaries shall take such steps as may be needed—

“(I) to recoup for the medicare program the amount of such increase in expenditures; and

“(II) to prevent any such increase in the future.

“(ii) STEPS.—Such steps—

“(I) under clause (i)(I), shall include payment of the amount of such increased expenditures by the Secretary of Veterans Affairs from the current medical care appropriation of the Department of Veterans Affairs to the trust funds; and

“(II) under clause (i)(II), shall include suspending or terminating the demonstration project (in whole or in part) or lowering the amount of payment under paragraph (1)(A).

“(i) EVALUATION AND REPORTS.—

“(1) INDEPENDENT EVALUATION.—

“(A) IN GENERAL.—The administering Secretaries shall arrange for an independent entity with expertise in the evaluation of health

1 care services to conduct an evaluation of the
2 demonstration project.

3 “(B) CONTENTS.—The evaluation con-
4 ducted under subparagraph (A) shall include an
5 assessment, based on the agreement entered
6 into under subsection (b), of the following:

7 “(i) The cost to the Department of
8 Veterans Affairs of providing care to veter-
9 ans under the project.

10 “(ii) Compliance of participating dem-
11 onstration sites with applicable measures
12 of quality of care, compared to such com-
13 pliance for other medicare-participating
14 medical centers that are not Veterans Af-
15 fairs medical facilities.

16 “(iii) A comparison of the costs of
17 participation of the demonstration sites in
18 the program with the reimbursements pro-
19 vided for services of such sites.

20 “(iv) Any savings or costs to the
21 medicare program under this title from the
22 project.

23 “(v) Any change in access to care or
24 quality of care for targeted medicare-eli-
25 ble veterans participating in the project.

1 “(vi) Any effect of the project on the
2 access to care and quality of care for tar-
3 geted medicare-eligible veterans not par-
4 ticipating in the project and other veterans
5 not participating in the project.

6 “(vii) The provision of services under
7 managed health care plans under sub-
8 section (g), including the circumstances (if
9 any) under which the Secretary of Veter-
10 ans Affairs uses reserves described in para-
11 graph (3) of such subsection and the Sec-
12 retary of Veterans Affairs’ response to
13 such circumstances (including the termi-
14 nation of managed health care plans re-
15 quiring the use of such reserves).

16 “(viii) Any effect that the demonstra-
17 tion project has on the enrollment in
18 Medicare+Choice plans offered by
19 Medicare+Choice organizations under part
20 C of this title in the established site areas.

21 “(ix) Any additional elements that the
22 independent entity determines is appro-
23 priate to assess regarding the demonstra-
24 tion project.

1 “(C) ANNUAL REPORTS.—The independent
2 entity conducting the evaluation under subpara-
3 graph (A) shall submit reports on such evalua-
4 tion to the administering Secretaries and to the
5 committees of jurisdiction in the Congress as
6 follows:

7 “(i) INITIAL REPORT.—The entity
8 shall submit the initial report not later
9 than 12 months after the date on which
10 the demonstration project begins operation.

11 “(ii) SECOND ANNUAL REPORT.—The
12 entity shall submit the second annual re-
13 port not later than 30 months after the
14 date on which the demonstration project
15 begins operation.

16 “(iii) FINAL REPORT.—The entity
17 shall submit the final report not later than
18 3½ years after the date on which the dem-
19 onstration project begins operation.

20 “(2) REPORT ON EXTENSION AND EXPANSION
21 OF DEMONSTRATION PROJECT.—Not later than 3½
22 years after the date on which the demonstration
23 project begins operation, the administering Secretar-
24 ies shall submit to Congress a report containing—

25 “(A) their recommendation as to—

1 “(i) whether to extend the demonstra-
2 tion project or make the project perma-
3 nent;

4 “(ii) whether to expand the project to
5 cover additional demonstration sites and to
6 increase the maximum amount of reim-
7 bursement (or the maximum amount of re-
8 imbursement permitted for managed health
9 care plans under this section) under the
10 project in any year; and

11 “(iii) whether the terms and condi-
12 tions of the project should be continued (or
13 modified) if the project is extended or ex-
14 panded; and

15 “(B) a detailed description of any costs as-
16 sociated with their recommendation made pur-
17 suant to clauses (i) and (ii) of subparagraph
18 (A).”.

Passed the Senate February 24, 1999.

Attest:

Secretary.

106TH CONGRESS
1ST SESSION

S. 4

AN ACT

To improve pay and retirement equity for members of the Armed Forces; and for other purposes.