



Advocate



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VA Distributes 2008 Insurance Dividends

Peake: Payments Are "Commitment from a Grateful Nation"



Dr. James B. Peake

More than a million veterans are in line to share \$349 million in annual insurance dividends during 2008, according to the Department of Veterans Affairs (VA). "These dividends are a commitment from a grateful nation to safeguard the interests of America's veterans," said Secretary of Veterans Affairs Dr. James B. Peake.

VA operates one of the nation's largest life insurance programs, providing more than \$1 trillion in coverage to 7.1 million service members, veterans, and family members. The dividend payments will be sent to an estimated 1.1 million holders of VA insurance policies on the anniversary date of their policies. Sent automatically through different payment plans, the amounts will vary based on the age of the veteran, the type of insurance, and the length of time the policy has been in force.

The dividends come from the earnings of trust funds into which veterans have paid insurance premiums over the years, and are linked to returns on investments in U.S. government securities.

VA officials caution veterans about a long-running scam in which various groups charge fees to "locate" veterans who are eligible for the dividends. Veterans eligible for the dividends have had VA life insurance policies in effect since they left the military and have received annual notifications from VA about the policies.

Dividends are paid each year to veterans holding certain government life insurance policies and who served between 1917 and 1956.

World War II veterans holding National Service Life Insurance ("V") policies comprise the largest group receiving 2008 insurance dividend payments. They are expected to receive total payments of \$269.6 million.

An additional group of World War II era veterans, those who have Veterans Reopened Insurance ("J," "JR" and "JS") policies, will in total receive dividends of \$9.2 million.

Korean War era veterans who have maintained Veterans Special Life Insurance ("RS" and "W") policies can expect to receive dividends totaling \$69.3 million.

Dividends totaling \$875,000 will be paid to veterans who served between World War I and 1940 and who hold U.S. Government Life Insurance ("K") policies.

Veterans who have questions about their policies may contact the VA insurance toll-free number at 1-800-669-8477 or send an email to VAinsurance@va.gov. They may also visit VA on the Internet at www.insurance.va.gov.



REPORT from the HILL by Chuck Partridge Government Relations

NDA 2008.

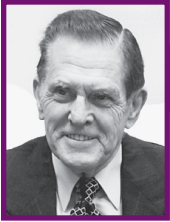
The President did not sign the National Defense Authorization Act for FY 2008 (NDA 2008) in December as expected because of a provision that would have

expanded victims' rights to sue foreign countries. The administration was concerned that it would open the door to law suits for acts committed by the Saddam Hussein regime in Iraq which the current Iraqi government would be liable for, and which would have an adverse impact on Iraq's development. When the House of Representatives convened for the second session of the 110th Congress in January, they amended the bill to modify the provision and resolve the President's concerns. The Senate agreed and also passed the

bill, and the President has now signed it into law.

There are several key provisions in the NDA 2008 which will now become law that are of particular interest to AMS members, all military retirees, as well as active duty military and family members. These include provisions strongly supported by the military community:

- A military pay raise of 3.5 percent, which is one-half percent above the average pay raise for the private sector as measured by the



PRESIDENT'S COLUMN

Douglas Russell

As you are probably aware, Dr. James Peake was sworn in as the new Secretary of the Department of Veterans Affairs this past December. I first met Secretary Peake at a speaking engagement I had on a military installation. I've had the opportunity of meeting him a number of times since and I've always been impressed with what a fine gentleman he is. I sent him a letter of congratulations on behalf of all AMS members and wished him the very best of success.

Secretary Peake brings a rare combination to the Department of Veterans Affairs: career military officer; medical doctor; director of a major private medical corporation.

Unfortunately, his opportunity to bring change to the VA is likely to be very limited. There is only a short time left in the Bush administration's term of office and trying to learn the ins and outs of one of the largest departments in the federal government takes more than a few months. Of course, if a Republican administration is elected in November, it is possible that he could remain in office. But if a Democratic administration comes to office, it is unlikely the new President would hold anyone over.

Nonetheless, many believe that Secretary Peake's background and expertise will allow him to make a real difference in one key area: improving the transition of patient and medical records between DoD and the VA. If he is able to do that and nothing else, he will have done our nation's veterans a great service.

* * * *

The political game that took place at the end of last year was instructive for all military retirees and veterans. I'm speaking of the President's veto of the FY2008 National Defense Authorization Act. AMS' Government Relations representative Chuck Partridge lays out the details elsewhere in this issue, but I think it once again warns us all that you cannot assume that DoD, the Administration or even Congress will always look out for you and protect your interests. Your earned retirement benefits are subject to the same political maneuvering that all other government programs are.

That means you have to look out for yourself. And the best way to do that is by joining together with other military retirees and veterans through associations like AMS. We are here to fight for you and we pledge to do whatever it takes to make sure you get and keep the benefits you have worked for and earned by serving your nation.

Please help us to keep fighting for you by renewing your membership whenever you are notified it is about to expire and encourage your friends who are eligible to join with us as we stand on guard for you in Washington.

Douglas Russell

Akaka Applauds Historic Funding Increase for Veterans

As Chairman of Key Senate Committee, Akaka Advocated for Funding Boost


U.S. Senator Daniel K. Akaka (D-HI), Chairman of the Veterans' Affairs Committee, released the following statement recently on President George W. Bush's decision to release \$3.7 billion in contingency funding provided by Congress in the omnibus appropriations bill:

"I am pleased President Bush has

released the full amount of funding for VA as approved by Congress in the omnibus appropriations bill. As the ongoing conflicts in Iraq and Afghanistan continue, we must recognize that care for those wounded in combat is part of the true cost of war.

"I have worked to secure additional funding for VA, beginning at the Committee's budget hearing early last year. The President's proposed budget would have under-funded VA at a time when they need to expand mental health care, improve treatment for traumatic brain injury, and reverse

their staggering claims backlog. This could not be allowed to happen. After Congress provided additional contingency funds for VA in the omnibus appropriations, I sent a letter to the President as Chairman, along with the Majority members of the Veterans' Affairs Committee, urging him to release those funds. This is very good news for VA and for the veterans it serves and I am proud to have played a role in bringing about this result."

This year's funding boost to the Department of Veterans Affairs amounts to the largest increase in its history. 

Report from the Hill

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Employment Cost Index (ECI) and one-half percent more than the raise recommended by the President.

- A payment of \$50 per month to most military widows/survivors whose Survivor Benefit Plan (SBP) payment is offset by receipt of Dependency and Indemnity Compensation (DIC) received from the VA as the result of the service-connected death of the military spouse.
- A prohibition on fee increases for both TRICARE Prime and Standard, as well as the pharmacy benefits in fiscal year 2008.
- Authorizing DoD federal drug discount prices for TRICARE pharmacy program purchases in retail pharmacies.
- Authorizing Combat Related Special Compensation (CRSC) payments to all medically-retired service members with less than 20 years of service.
- Authorizing full concurrent receipt retroactive to 1 January 2005 for disabled retirees deemed unemployable. The first payments will be made in fiscal year 2009.
- Increasing Army and Marine Corps personnel end-strengths and reduction of end-strength in the Navy and Air Force.

Other provisions will improve the transition process for individuals leaving service, provide additional counseling and support for injured and wounded service members, take steps to provide a more seamless transition between DoD/VA and provide for additional health care for transitioning disabled servicemembers. The bill will also allow National Guard and Reserve personnel to use their Montgomery GI Bill benefits earned by mobilization up to 10 years after they leave service.

The Department of Defense should have had authority for the above programs in the summer of 2007. This would have allowed for orderly planning and implementation. Delays of this sort have an impact across the board and are particularly damaging while we are at war. We urge the President and Congress to move quickly to develop and pass the authorizing legislation for fiscal year 2009.


VA Funding.

At the urging of Congressional leaders, the President requested an additional \$3.7 billion for the Department of Veterans of Affairs in January. The total increase over last year in funding for the VA is \$6.7 billion. AMS President Douglas Russell, said, "AMS is grateful that the President has recognized this need for the nation's warriors and taken steps to resolve the shortfall." It is essential that funding for disability payments, medical care and other functions

of the VA be met promptly. The VA is continuing to experience a high backlog in processing disability claims. There are more than 600,000 veterans whose claims have not been processed. We are hopeful the new Secretary of Veterans Affairs gives this a high priority."

DoD Task Force on the Future of Military Health Care.

While the Congress has prohibited the Administration from imposing and raising fees on retirees who participate in the TRICARE programs in 2008, the President's budget for fiscal year 2009 includes the assumption that recommendations of the DoD Task Force, which call for increased fees, will be enacted by Congress. AMS believes that several actions which could have reduced costs without raising or imposing new fees should have been included in the Task Force's recommendations, but they were not.

The least expensive way for DoD to provide care is in the Military Treatment Facilities. However, less and less care is being provided there. Further, recruiting physicians, nurses and other health care professionals is becoming increasingly difficult. More attention must be paid to this effort. Another issue they did not deal with is having the Medicare system reimburse military hospitals for care they provide Medicare-eligible retirees and family members who are treated in MTFs. This would provide MTF commanders with the resources to treat more retirees in their lower cost military system, saving both Medicare and military funding. However, that was not considered, either. Instead, the Task Force recommended a broad increase in fees. The report stated that the system should provide much needed health care "while considering fairness to the American taxpayer." As far as we're concerned, those are simply code words to shift more cost to the military retirees and their families. The fee increases would begin as low as \$10 per month, and increase each year by the amount of medical inflation. Since retired pay is based on the consumer price index, usually far lower than medical inflation, you can see this is a losing proposition for retirees. The cost of fees would rise quickly to more than \$2000 per year and would not stop there. This is a direct attack on the longstanding promise of health care that was earned by a career spent in demanding military service. AMS will fight this every step of the way. If we do not, these proposals to break the promise will be only the beginning of shifting health care and other costs to retirees. 

TRICARE for Life “Explanation of Benefits” Goes Digital

TRICARE for Life (TFL) beneficiaries can soon print a copy of their Explanation of Benefits (EOB) from the convenience of their own homes. Under this policy, which started in January 2008, the only paper EOB's that TFL beneficiaries living in the United States and U.S. territories will receive are monthly summaries. The exception to this is if a claim includes services that are rejected, and those services have appeal rights; or if the EOB is mailed with a payment

to the beneficiary. TRICARE overseas beneficiaries will continue to get their EOBs as usual.

In February, beneficiaries will have the option to receive an electronic notification every time a claim processes. Beneficiaries can then log on to the secure web site at www.TRICARE4U.com, to view and print their EOB.

The EOB will be available online and beneficiaries will have the ability to access EOB's for any claim processed during the last 27 months. Once a

beneficiary signs up for this option, they will not receive a monthly paper summary.

TFL beneficiaries will receive letters notifying them of the changes, either with their current EOB's or any other correspondence.

If there are any questions about the registration process beneficiaries can call toll-free at 1-866-773-0404. Those requiring a Telecommunications Device for the Deaf (TDD) can call 1-866-773-0405. 🌸

Peake: Disabled Veterans Earned Increase

Starting February 1, over a million eligible veterans saw their mileage reimbursement for travel to Department of Veterans Affairs (VA) medical facilities more than double.

“This increase helps veterans -- especially those living in rural areas -- offset some of the gasoline costs as they travel to VA's world-class health care,” said Secretary of Veterans Affairs Dr. James B. Peake. “Increasing the mileage reimbursement is one more step by VA to help veterans access the health care they deserve.”

The 2008 appropriations act provided funding for VA to increase the beneficiary travel mileage reimbursement rate from 11 cents per mile to 28.5 cents per mile.

After little more than a month on the job, Secretary Peake used his authority to establish the first increase in the mileage reimbursement in 30 years, fulfilling a pledge he made during his Senate confirmation hearing last month.

While increasing the payment, VA, as mandated by law, also equally increased the deductible amounts applied to certain mileage reimbursements. The new deductibles are \$7.77 for a one way trip, \$15.54 for a round trip, with a maximum of \$46.62 per calendar month. However, these deductibles can be waived if they cause a financial hardship to the veteran. 🌸

Old Glory's Journey of Remembrance

“**O**ld Glory's Journey of Remembrance” is a nationwide flag raising effort that began on National Pearl Harbor Remembrance Day, Dec. 7, 2007, and will culminate at the U.S. Capitol on Memorial Day, May 26, 2008.

During the six-month period, an American flag flown over the USS Arizona Memorial in Pearl Harbor, Hawaii, on Dec. 7, 2007, during the Pearl Harbor Remembrance Day ceremony there, is visiting 25 national cemeteries and historic battlefields before completing its journey during the National Moment of Remembrance ceremony in Washington, D.C.

The Journey of Remembrance is organized by the White House Commission on Remembrance, which

has partnered with the USS Arizona Pearl Harbor Memorial Museum to honor the service and sacrifices of America's fallen heroes and the families they left behind.

In addition to 10 VA national and state veterans cemeteries, the flag will be flown at historic sites such as Independence Hall in Philadelphia, Appomattox Court House in Virginia, the Gettysburg battlefield in Pennsylvania and Fort McHenry in Baltimore, Maryland.

Members of the Pearl Harbor Survivors Association, elected officials, military service representatives, veterans and their families, veterans cemetery representatives and other patriotic organizations are participating in the flag-raising ceremonies. 🌸



Paid-Up SBP Getting Close

It won't be long now before participants in the Uniformed Services Survivor Benefit Plan (SBP) for retired military members are "paid-up."

Effective October 1, 2008, SBP participants who reach 70 years of age and have made 360 payments (30 years), will no longer have to pay premiums for continued SBP coverage and will be placed in "Paid-up SBP" status.

Paid-up SBP provisions were mandated by the National Defense Authorization Act (NDAA) for Fiscal Year 1999. The law also established a paid-up status, also beginning on October 1, 2008, for participants in the Retired Serviceman's Family Protection Plan once they reach 70 years of age.

No action is required of SBP participants to be placed in Paid-up SBP status. Once the eligibility criteria has been met, the Defense Finance and Accounting Service (DFAS) will

automatically stop deducting premiums from qualifying military retired pay accounts.

The law establishing Paid-up SBP does not allow for refunds of premiums paid prior to October 1, 2008, even though a retiree may have reached 70

date. At that time, SBP participants who will be eligible for Paid-up SBP status on October 1, 2008, or will meet eligibility within a short time of the implementation date, will be notified by mail of their impending Paid-up status.



Those military retirees who become eligible for Paid-up SBP status after the initial group will be notified of their SBP status on their December 2008 annual Retiree Account Statements (RAS) that will note the number of premiums paid to date. Each RAS issued after December 2008, whether annually or as a result of a pay change, will include the Paid-up SBP premium "counter," based on DFAS records, to help retirees monitor their eligibility

status. years of age and made 360 or more premium payments.

DFAS is currently developing changes to the military retiree pay systems that will monitor the number of SBP premiums paid and the age of the participant. The system updates are targeted for a May 2008 completion

status.

More information on Paid-up SBP, including frequently asked questions and news updates, should be available at the DFAS Web site www.dfas.mil/retiredpay.html within the next several months. 🌿

Threat to Tricare Reimbursements Temporarily Reversed



For the past five years Tricare and Medicare-eligibles have lived under the threat of not being able to find a doctor who will take new Tricare or Medicare patients.

This is because Medicare law requires the Centers for Medicare & Medicaid Services (CMS) to automatically adjust the payment rates for physician-related services using a statutory formula, which compares the actual rate of growth in spending to a target rate based, in part, on the number of Medicare fee-for-service beneficiaries. Since 2002 that formula has dictated that the Medicare rate of reimbursement to physicians be reduced. Because the Tricare reimbursement rate is tied to Medicare, these mandated cuts affect Tricare and Medicare patients equally.

However, each year since 2003, Congress has stepped in to block those cuts by passing legislation that temporarily reverses the mandated cuts. Most recently, Congress passed

and the President signed S.2499, The Medicare, Medicaid, and SCHIP Extension Act, which includes a provision that delays the ten percent reimbursement rate cuts until this coming June 30. If Congress takes no further action, the 10.1 percent rate cuts will go into effect on July 1.

To give you an idea of what's at stake, the American Medical Association took a survey of doctors and 45 percent said they would stop taking new Medicare and Tricare patients if the rates are cut. In fact, many of those surveyed said they may have to discontinue services to Medicare and Tricare patients they are already seeing. The AMA pointed out that Medicare reimbursement is already less than most insurance plans. And since 35 percent of physicians in the U.S. are over age 55, there is concern that these reimbursement rate cuts could force many of those physicians into early retirement, thus worsening the shortage of doctors.

AMS is opposed to these cuts and we'll fight for new legislation to stop them from going into effect in July. 🌿

VA Subcommittee Considers Measures to Improve Health Care



The Subcommittee on Health held a legislative hearing recently on eight bills intended to ensure veterans receive the highest quality medical care available. Members of Congress, veterans' service organization representatives, and Dr. Gerald M. Cross, Principal

Deputy Under Secretary for Health, Department of Veterans Affairs (VA) testified before the Subcommittee.


"Currently we have over 265 thousand servicemembers deployed overseas in the Global War on Terror. These brave men and women and their families deserve to know that their service and sacrifice will be honored and supported with benefits and health care services tailored to their needs," said Subcommittee Ranking Member Jeff Miller (R-Fla.). "I want to thank my colleagues who have brought forth these legislative proposals and for joining us to provide testimony on their respective bills."

The bills included:

- H.R. 2790, to establish the position of Director of Physician Assistant Services within the office of the Under Secretary of Veterans Affairs for Health, introduced in a bipartisan manner by Representatives Phil Hare (D-Ill.) and Jerry Moran (R-Kan.).
- H.R. 3458, to direct VA to carry out a pilot program on the provision of traumatic brain injury care in rural

areas, introduced by Representative Shelley Moore Capito (R-W.Va.)

- H.R. 3819, the Veterans Emergency Care Fairness Act of 2007, introduced by Representative Zachary T. Space (D-Ohio).
- H.R. 4053, the Mental Health Improvements Act of 2007, introduced by Representative Shelley Berkley (D-Nev).
- H.R. 4107, the Women Veterans Health Care Improvement Act, introduced in a bipartisan manner by Representatives Stephanie Herseth Sandlin (D-S.D.) and Ginny Brown-Waite (R-Fla.).
- H.R. 4146, to clarify the availability of emergency medical care for veterans in non-VA medical facilities, introduced by Representative Michael Honda (D-Calif).
- H.R. 4204, the Veterans Suicide Study Act, introduced by Representative Leonard Boswell (D-Iowa).
- H.R. 4231, the Rural Veterans Health Care Access Act of 2007, introduced by Representative Steve Kagen (D-Wis.).

"As we consider these bills, it is important that we keep in mind the importance of developing solutions that are principle centered, patient centered, and complement rather than replicate existing authorities and ongoing efforts," said Miller. "I look forward to working with my colleagues to ensure we approve measures that are reflective of these considerations." 

Millions Receive Cost-Of-Living Increases for VA Benefits

Peake: Disabled Veterans Receive Earned Increase

Millions of veterans and eligible family members will see their disability compensation, pension, and survivors' benefits increased as the Department of Veterans Affairs (VA) provides an annual cost-of-living increase for key benefits.

"This increase ensures that those veterans who have earned this benefit for incurring a disability in defense of our country receive payments that keep pace with today's cost of living," said Secretary of Veterans Affairs Dr. James B. Peake. "VA is committed to the needs of our veterans and their families. We owe America's defenders no less."

A recent law signed by President Bush provides a 2.3 percent increase in disability compensation and survivors' benefits. Eligible veterans and family members saw this increase starting in their January 2008 checks.


Under the veterans' disability compensation program, tax-free payments will generally range from \$117 to \$2,527 per month depending on the degree of disability. Special payments up to \$7,232 per month apply to the most severely injured veterans.

Pension disability benefits will also be increased by the same percentage and effective on the same date. The maximum annual rate for permanently and totally disabled veterans or veterans over age 65 can range from \$11,181 to \$18,654, based on household income and whether veterans are in need of help with activities for daily living.

This increase also applies to survivors of veterans who died in service or from a service-connected disability. Dependency and indemnity compensation (DIC) survivors' benefit payments can range from \$1,091 to \$2,499 per month.

Survivors of wartime veterans receiving death pension are also entitled to an increase. The maximum annual payment rate for a surviving spouse can range from \$7,498 to \$11,985. Benefits under this program are intended to bring an eligible spouse's income to a level established by law.

Under each benefit program, additional allowances may be payable for helpless, minor or school age children.

For more information about VA benefits and services, go to VA's website at www.va.gov or call 1-800-827-1000. 

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