United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Personnel, Committee on Armed Services, U.S. Senate

For Release on Delivery
Expected at 3 p.m. EST
Wednesday, March 19, 2003

MILITARY PERSONNEL

Preliminary Observations Related to Income, Benefits, and Employer Support for Reservists During Mobilizations

Statement for the Record by Derek B. Stewart, Director, Defense Capabilities and Management

GAO-03-573T

March 19, 2003

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Highlights

Highlights of GAO-03-573T, a statement for the record for the Subcommittee on Personnel, Committee on Armed Services, U.S. Senate

Why GAO Did This Study

Since the end of the Cold War, there has been a shift in the way reserve forces have been used. Previously, reservists were viewed primarily as an expansion force that would supplement active forces during a major war. Today, reservists not only supplement but also replace active forces in military operations worldwide.

Citing the increased use of the reserves to support military operations, House Report 107-436 accompanying the Fiscal Year 2003 National Defense Authorization Act directed GAO to review compensation and benefits for reservists. In response, GAO is reviewing (1) income protection for reservists called to active duty, (2) family support programs, and (3) health care access. For this statement, GAO was asked to discuss its preliminary observations. GAO also was asked to discuss the results of its recently completed review concerning employer support for reservists.

What GAO Recommends

GAO is not making new recommendations at this time, but past reports have contained GAO's views on actions that should be taken to improve reservists' access to military health care benefits and to improve the effectiveness of outreach programs and other aspects of reservist-employer relations. DOD generally concurred with these recommendations and has taken some actions.

www.gao.gov/cgi-bin/getrpt?GAO-03-573T. To view the full report, including the scope and methodology, click on the link above. For more information, contact Derek B. Stewart at (202) 512-5140 or stewartd@gao.gov.

What GAO Found

The preliminary results of our review indicate that reservists experience widely varying degrees of income loss or gain when they are called up for a contingency operation. While income loss data for current operations Noble Eagle and Enduring Freedom were not available, data for past military operations show that 41 percent of drilling unit members reported income loss, while 30 percent reported no change and 29 percent reported an increase in income. This information is based on self-reported survey data for mobilizations or deployments of varying lengths of time. As would be expected, the data indicate that certain groups, such as medical professionals in private practice, tend to report much greater income loss than the average estimated for all reservists.

Although reservists called up to support a contingency operation are generally eligible for the same family support and health care benefits as active component personnel, reservists and their families face challenges in understanding and accessing their benefits. Among the challenges, reservists typically live farther from military installations than their active duty counterparts, are not part of the day-to-day military culture, and may change benefit eligibility status many times throughout their career. Some of these challenges are unique to reservists; others are also experienced by active component members but may be magnified for reservists. Outreach to reservists and their families is likely to remain a continuing challenge for DOD in the areas of family support and health care, and we expect to look at DOD's outreach efforts in more detail as we continue our study.

Outreach is also a critical component of maintaining and enhancing employers' support for reservists. Although DOD has numerous outreach efforts, we found that a sizeable number of reservists and employers were unsure about their rights and responsibilities. For example, a 1999 DOD survey found that 31 percent of employers were not aware of laws protecting reservists. Several factors have hampered DOD's outreach efforts to both employers and reservists. However, DOD is taking positive actions in this area, such as moving ahead with plans to collect employer data from all reserve personnel.

Families of mobilizing reservists face challenges in understanding and accessing military benefits.

Source: DOD.

Mr. Chairman and Members of the Subcommittee:

We are pleased to have the opportunity to comment on reserve personnel income, benefits, and employer support. My remarks focus on the more than 870,000 "selected" reservists[1] who generally drill and train part-time with their military units (referred to in this testimony as drilling unit members). These reservists may be involuntarily called to federal active duty under various provisions of law. They may also be placed voluntarily on active duty for training and other purposes. Since the 1991 Persian Gulf War, reservists have been mobilized or deployed to a number of contingency operations, including operations Noble Eagle and Enduring Freedom and operations in Kosovo, Bosnia, Southwest Asia, and Haiti. As of early March 2003, 193,270 reservists were supporting current contingency operations.

Citing the increased use of the reserves to support military operations, House Report 107-436 accompanying the Fiscal Year 2003 National Defense Authorization Act directed us to review compensation and benefit programs for reservists. Our review is ongoing, but today I would like to present preliminary observations based on our review in three areas: (1) income protection for reservists called to active duty, (2) family support programs, and (3) health care access.[2] All three of these issues are potential areas of concern to a reservist called to active duty for a contingency operation. We plan to issue a final report on these three issues later this year. In addition, you have asked us to discuss the results of our recently completed review concerning employer support for reservists, another potential area of concern to mobilized or deployed reservists.[3] Finally, Mr. Chairman, while the legislation directed us to review the retirement system for the reserves, we have not yet begun that work. As discussed with your offices, we plan to review the reserve

[1] Unless specified, we use the terms "reserves" and "reservists" to refer to the collective forces of the Air National Guard, Army National Guard, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, and the Air Force Reserve. We did not include the Coast Guard Reserve in our review.

[2] We plan to address compensation issues in other reviews. For example, we have an ongoing review of special and incentive pays for reservists who perform duty in the polar regions.

[3] U.S. General Accounting Office, *Reserve Forces: DOD Actions Needed to Better Manage Relations between Reservists and Their Employers*, GAO-02-608 (Washington, D.C.: June 13, 2002).

retirement system in the future. While we have not conducted a detailed review of this issue, I would like to offer some observations.

Before discussing these issues in more detail, I would like to note that one of the Department of Defense's (DOD) guiding principles for military compensation is that servicemembers—both reservists and active component members—be treated fairly. Military compensation for reservists is affected by the type of military duty they perform. In peacetime—when a reservist is on active duty for training or on military duty not related to a contingency operation—certain thresholds are imposed at particular points in service before a reservist is eligible to receive the same compensation as a member serving full-time. For contingency operations, these same thresholds generally do not apply. Reservists activated for contingency operations such as Noble Eagle and Enduring Freedom are generally eligible to receive the same compensation and benefits as active component personnel. I should also note here that in a recent report comparing the benefits offered by the military with those offered in the private sector, we found no significant gaps in the benefits available to military personnel.[4]

To date, we have met with and gathered information from DOD officials in the Office of the Assistant Secretary of Defense for Reserve Affairs, the Office of Military Compensation, the Office of Family Policy, the National Guard Bureau, the Army National Guard, the Air National Guard, the Army Reserve, the Air Force Reserve, the Naval Reserve, the Marine Corps Reserve, the TRICARE Management Activity, the National Committee for Employer Support of the Guard and Reserve, and other organizations. We obtained the results and DOD's preliminary analysis of the 2000 Survey of Reserve Component Personnel.[5] We reviewed DOD proposals concerning income loss. We also reviewed DOD's progress in implementing recommendations that we made in prior reports.

Let me turn now to the specific issues.

[4] U.S. General Accounting Office, *Military Personnel: Active Duty Benefits Reflect Changing Demographics, but Opportunities Exist to Improve*, GAO-02-935 (Washington, D.C.: Sept. 18, 2002).

[5] The population of interest targeted by the survey consisted of all Selected Reserve members of the reserve components below flag or general officer rank, with at least 6 months of service when the surveys were first mailed in August 2000. The sample consisted of 74,487 members. Eligible respondents returned 35,223 completed surveys.

Summary

The preliminary results of our review indicate that reservists experience widely varying degrees of income loss or gain when they are called up for a contingency operation. While income loss data for current operations Noble Eagle and Enduring Freedom were not available, data for past military operations show that 41 percent of drilling unit members reported income loss, while 30 percent reported no change and 29 percent reported an increase in income. This information is based on self-reported survey data for mobilizations or deployments of varying lengths of time. DOD's analysis of the data shows that, as would be expected, certain groups, such as medical professionals in private practice, tend to report much greater income loss than the average estimated for all reservists.

Although reservists called up to support a contingency operation are generally eligible for the same family support and health care benefits as active component personnel, reservists and their families face challenges in understanding and accessing their benefits. Among the challenges, reservists typically live farther from military installations than their active duty counterparts, are not part of the day-to-day military culture, and may change benefit eligibility status many times throughout their career. Some of these challenges are unique to reservists; others are also experienced by active component members but may be magnified for reservists. Outreach to reservists and their families is likely to remain a continuing challenge for DOD in the areas of family support and health care. We will continue to look at DOD's outreach efforts as we complete our study.

Outreach is also a critical component of maintaining and enhancing employers' support for reservists. Although DOD has numerous outreach efforts in this area, we found that a sizeable number of reservists and employers were unsure about their rights and responsibilities. For example, a 1999 DOD survey found that 31 percent of employers were not aware of laws protecting reservists. Our recent work has shown that several factors, such as the lack of data on reservists' employers, have hampered DOD's outreach efforts to both employers and reservists. However, DOD is taking positive actions in this area, such as moving ahead with plans to collect employer data from all reserve personnel.

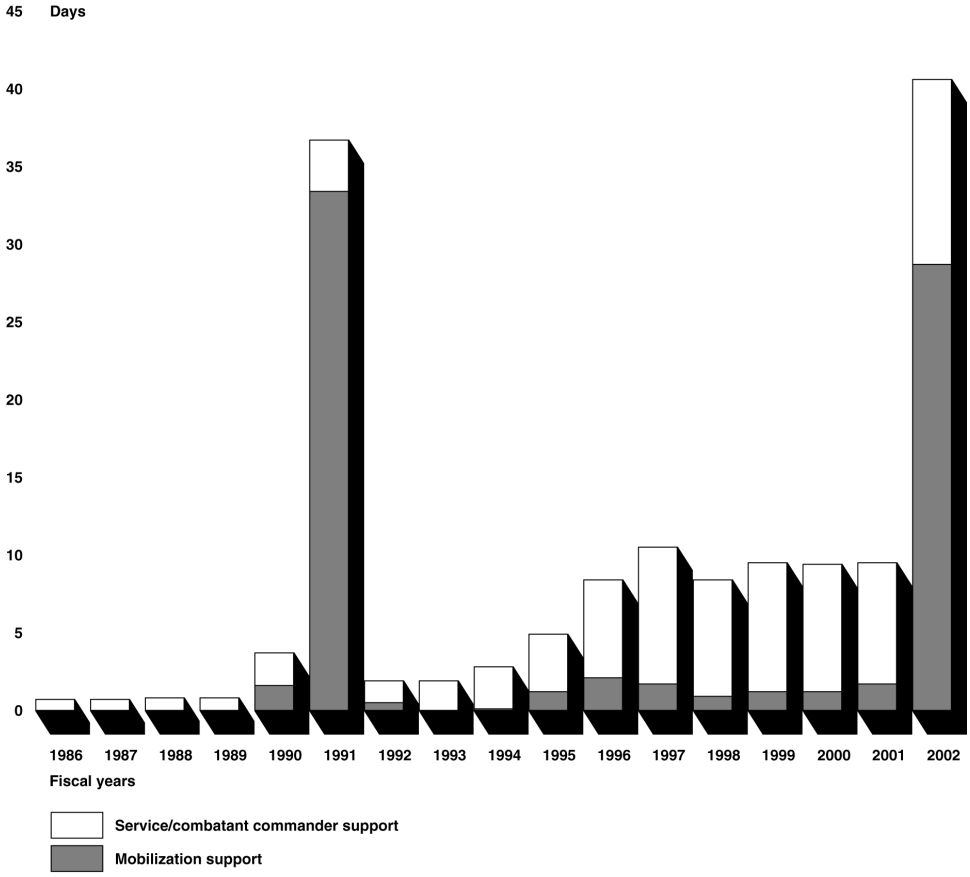
Reservists have identified income loss, family burdens, and employer support as serious concerns during prior mobilizations and deployments. However, it is unclear how the problems reservists experience in these areas affect their overall satisfaction with military life and, ultimately, their decision to stay in the military or leave.

Background

Since the end of the Cold War, there has been a shift in the way reserve forces have been used. Previously, reservists were viewed primarily as an expansion force that would supplement active forces during a major war. Today, reservists not only supplement but also replace active forces in military operations worldwide.[6] In fact, DOD has stated that no significant operation can be conducted without reserve involvement. As shown in figure 1, reserve participation in military operations spiked in fiscal years 1991 (Desert Shield and Desert Storm) and 2002 (Noble Eagle and Enduring Freedom).

[6] The average reservist trains 38 or 39 days per year. In addition to this training, some reservists provide support for counter-drug operations, domestic emergencies, exercises, and established and emerging operations, including those involving either presidential call-ups or mobilizations.

Figure 1: Annual Number of Days Per Capita for Reserve Mobilizations and Support to the Services and Combatant Commands (Fiscal Years 1986-2002)



Source: GAO.

Notes: Analysis of Office of the Assistant Secretary of Defense for Reserve Affairs data.

This figure includes the contributions of the Coast Guard Reserve.

Mobilizations are operations using the Presidential Selected Reserve Call-up or mobilization authorities. Support of the services or combatant commands is mission assistance provided under voluntary orders and includes both contingency operations and other missions. The figure excludes days for training as well as support for counter-drug operations, exercises, and domestic emergencies.

Per capita calculations are derived by dividing the total days of support for these missions by the end strength of the Selected Reserve. However, force structure within the selected reserves qualifies only a portion of those available to serve for a particular mission. Despite this, the data highlight trends in the average number of support days served by reservists.

There have been wide differences in the operational tempos[7] of individual reservists in certain units and occupations. Prior to the current mobilization, personnel in the fields of aviation, special forces, security, intelligence, psychological operations, and civil affairs were in high demand, experiencing operational tempos that were two to seven times higher than those of the average reservist. Since September 2001, operational tempos have increased significantly for reservists in all of DOD's reserve components due to the partial mobilization in effect to support operations Noble Eagle and Enduring Freedom.

For each year between fiscal years 1997 and 2002, the reserves on the whole achieved at least 99 percent of their authorized end strength. In 4 of these 6 years, they met at least 100 percent of their enlistment goals. During this time period, enlistment rates fluctuated from component to component. Overall attrition rates have decreased for five of DOD's six reserve components.[8] Between fiscal years 1997 and 2002, only the Army National Guard experienced a slight overall increase in attrition. The attrition data suggest there has not been a consistent relationship between a component's average attrition rate for a given year and the attrition rate for that component's high demand capabilities (which include units and occupations). Attrition rates for high demand capabilities were higher than average in some cases but lower for others. Aviation in the Army National Guard, for instance, has had higher than average attrition for 4 of the 5 years it was categorized as a high demand capability.

Reservists Have Reported Widely Varying Degrees of Income Loss Or Gain

Preliminary analysis of income changes reported by reservists who mobilized or deployed for past military operations indicates that they experienced widely varying degrees of income loss or gain. The source for this analysis is DOD's 2000 Survey of Reserve Component Personnel, which predates the mobilization that began in September 2001. The data show that 41 percent of drilling unit members reported income loss during their most recent mobilization or deployment, while 30 percent reported no change and 29 percent reported an increase in income (see table 1).

[7] For this testimony, operational tempo refers to the total days reservists spend participating in normal drills, training, and exercises, as well as domestic and overseas operational missions.

[8] Attrition is the total number of personnel losses from the selected reserves divided by the average selected reserve end strength for the year.

Table 1: Drilling Unit Members' Total Reported Change in Income for Mobilizations or Deployments Prior to 2001

Income change	Percentage
Decreased $50,000 or more	0.9
Decreased $25,000 to $49,999	1.5
Decreased $10,000 to $24,999	4.1
Decreased $5,000 to $9,999	6.0
Decreased $2,500 to $4,999	8.9
Decreased $1 to $2,499	19.5
No change in income	30
Increased $1 to $2,499	16.6
Increased $2,500 to $4,999	6.8
Increased $5,000 or more	5.7

Source: DOD 2000 Reserve Component Survey

Based on the survey data, DOD estimated that the average total income change for all members (including losses and gains) was almost $1,700 in losses. This figure should be considered with caution because of the estimating methodology that was used and because it is unclear what survey respondents considered as income loss or gain in answering this question.[9] Further, reservists are mobilized or deployed for varying lengths of time, which can affect their overall income loss or gain. About 31 percent of all reservists who had at least one mobilization or deployment had been mobilized or deployed for less than 1 month. For the entire population, members spent an estimated 3.6 months mobilized or deployed for their most recent mobilization.

DOD's preliminary analysis of the survey data show that certain groups reported greater losses of income on average. Self-employed reservists reported an average income loss of $6,500. Physicians/registered nurses, on the whole, reported an average income loss of $9,000. Physicians/registered nurses in private practice reported an average income loss of $25,600. Income loss also varied by reserve component and pay grade group. Average self-reported income loss ranged from $600 for members of the Air National Guard up to $3,800 for Marine Corps Reservists. Senior officers reported an average income loss of $5,000

[9] The 2000 survey asked respondents: "Please estimate your (and your spouse's) total income change from all sources as a result of your most recent mobilization and deployment. *If you (and your spouse) have continuing losses from a business or practice, include those in your estimate.*"

compared with $700 for junior enlisted members. When asked to rank income loss among other problems they have experienced during mobilization or deployment, about half of drilling unit members ranked it as one of their most serious problems.[10] DOD's preliminary analysis presents little data on those groups who reported overall income gain. Two groups who were identified as reporting a gain were clergy and those who worked for a family business without pay.

Concerns were raised following the 1991 Gulf War that income loss would adversely affect retention of reservists. According to a 1991 DOD survey of reservists activated during the Gulf War, economic loss was widespread across all pay grades and military occupations. In response to congressional direction,[11] DOD in 1996 established the Ready Reserve Mobilization Income Insurance Program, an optional, self-funded income insurance program for members of the Ready Reserve ordered involuntarily to active duty for more than 30 days. Reservists who elected to enroll could obtain monthly coverage ranging from $500 to $5,000 for up to 12 months within an 18-month period. Far fewer reservists than DOD expected enrolled in the program. Many of those who enrolled were activated for duty in Bosnia and, thus, entitled to almost immediate benefits from the program. The program was terminated in 1997 after going bankrupt. We reported in 1997 that private sector insurers were not interested in underwriting a reserve income mobilization insurance program due to concerns about actuarial soundness and unpredictability of the frequency, duration, and size of future call-ups.[12] Certain coverage features would violate many of the principles that private sector insurers usually require to protect themselves from adverse selection. These include voluntary coverage and full self-funding by those insured, the absence of rates that differentiated between participants based on their likelihood of mobilization, the ability to choose coverage that could result in full replacement of their lost income rather than those insured bearing some loss, and the ability to obtain immediate coverage shortly before an insured event occurred. According to DOD officials, private sector

[10] The survey listed 22 possible problems and asked respondents to choose their top three most serious problems experienced during mobilization or deployment.

[11] See section 512, National Defense Authorization Act for Fiscal Year 1996 (P.L. 104-106, Feb. 10, 1996).

[12] U.S. General Accounting Office, *Reserve Forces: Observations on the Ready Reserve Mobilization Income Insurance Program*, GAO/T-NSIAD-97-154 (Washington, D.C.: May 8, 1997).

insurers remain unsupportive of a new reserve income insurance mobilization program and the amount of federal underwriting required for the program is prohibitive. The Department has no plans to implement a new mobilization insurance program.

A 1998 study by RAND found that income loss, while widespread during the Gulf War, did not have a measurable effect on enlisted retention.[13] The study was cautiously optimistic that mobilizing the reserves under similar circumstances in the future would not have adverse effects on recruiting and retention. However, the effects of future mobilizations can depend on the mission, the length of time reservists are deployed, the degree of support from employers and family members, and other factors.

Certain federal protections, pay policies, and employer practices can help to alleviate financial hardship during deployment. For example, the Soldiers' and Sailors' Civil Relief Act caps debt interest rates at 6 percent annually. Income that servicemembers earn while mobilized in certain combat zones is tax-free. For certain operations, DOD also authorized reservists to receive both full housing allowances and per diem for their entire period of activation. In addition, some employers make up the difference between civilian and military pay for their mobilized employees. This practice varies considerably among employers. Servicemembers can also obtain emergency assistance in the form of interest-free loans or grants from service aid societies to pay for basic living expenses such as food or rent during activation. DOD is exploring debt management alternatives, such as debt restructuring and deferment of principle and interest payments, as ways to address income loss. The Army has proposed a new special pay targeting critical health care professionals in the reserves who are in private practice and are deployed involuntarily beyond the established rotational schedule.

[13] RAND, *The Effect of Mobilization on Retention of Enlisted Reservists After Operation Desert Shield/Storm*, MR-943-OSD (1998). The study did not include officers.

Reservists and Their Families Face Challenges in Understanding and Accessing Family Support Services

Reservists who have been activated for previous contingency operations have expressed concerns about the additional burdens placed on their families while they are gone. More than half of all reservists are married and about half have children or other legal dependents. According to the 2000 survey, among the most serious problems reservists said they experienced when mobilized or deployed are the burden placed on their spouse and problems created for their children.

The 1991 Gulf War was a milestone event that highlighted the importance of reserve family readiness. Lessons learned showed that families of activated reservists, like their active duty counterparts, may need assistance preparing wills, obtaining power of attorney, establishing emergency funds, and making child care arrangements. They may also need information on benefits and entitlements, military support services, and information on their reemployment rights. DOD has recognized that family attitudes affect reserve member readiness, satisfaction with reserve participation, and retention. Military members who are preoccupied with family issues during deployments may not perform well on the job, which in turn, negatively affects the mission. Research has shown that families of reservists who use family support services and who are provided information from the military cope better during activations. Under a 1994 DOD policy, the military services must "ensure National Guard and Reserve members and their families are prepared and adequately served by their services' family care systems and organizations for the contingencies and stresses incident to military service."

Although activated reservists and their family members are eligible for the same family support services as their active duty counterparts, they may lack knowledge about or access to certain services. The 2000 DOD survey suggests that more than half of all reservists either believe that family support services are not available to them or do not know whether such services are available. Table 2 shows drilling unit members' responses on the availability of selected programs and services.

Table 2: Reservists' Views on Availability of Selected Family Support Programs or Services

Percentage of drilling unit members			
Program/service	**Available off installation, on installation or both**	**Not available**	**Don't know**
Services for families during separation	25	13	**62**
Crisis referral services	15	17	**68**
Financial counseling/management education	22	16	**61**
Family support centers	35	14	**51**

Source: DOD 2000 Reserve Component Survey

Note: Rows may not add to 100 percent due to rounding.

According to DOD officials, operations Noble Eagle and Enduring Freedom have highlighted the fact that not all reserve families are prepared for potential mobilization and deployment. They told us that since many families never thought their military members would be mobilized, families had not become involved in their family readiness networks. DOD has found that the degree to which reservists are aware of family support programs and benefits varies according to component, unit programs, command emphasis, reserve status, and the willingness of the individual member to receive or seek out information. Results from the 2000 DOD survey show that about one-fourth of drilling unit members said their arrangements for their dependents were not realistically workable for deployments lasting longer than 30 days. Furthermore, about 4 of every 10 drilling unit members thought it was unlikely or very unlikely that they would be mobilized or deployed in the next 5 years. Again, this survey predates the events of September 11, 2001, and the ensuing mobilization.

Among the key challenges in providing family support are the long distances that many reservists live from installations that offer family support services, the difficulty in persuading reservists to share information with their families, the unwillingness of some reservists and their families to take the responsibility to access available information, conflicting priorities during drill weekends that limit the time spent on family support, and a heavy reliance on volunteers to act as liaisons between families and units. In 2000, about 40 percent of drilling unit members lived 50 miles or farther from their home units.

DOD has recognized the need for improved outreach and awareness. For example, the Department has published benefit guides for reservists and family members and has enhanced information posted on its Web sites. DOD published a "Guide to Reserve Family Member Benefits" that informs family members about military benefits and entitlements and a family readiness "tool kit" to enhance communication about pre-deployment and mobilization information among commanders, servicemembers, family members, and family program managers. Each reserve component also established family program representatives to provide information and referral services, with volunteers at the unit level providing additional assistance. The U.S. Marine Corps began offering an employee assistance program in December 2002 to improve access to family support services for Marine Corps servicemembers and their families who reside far from installations. Through this program, servicemembers and their families can obtain information and referrals on a number of family issues, including parenting; preparing for and returning from deployment; basic tax planning; legal issues; and stress. Notwithstanding these efforts, we believe, based on our review to date, that outreach to reservists and their families will likely remain a continuing challenge for DOD.

Challenges in Accessing DOD Health Care Benefits Are Magnified for Reservists

Reservists who are mobilized for a contingency operation are confronted with health care choices and circumstances that are more complex than those faced by active component personnel. Reservists' decisions are affected by a variety of factors—whether they or their spouses have civilian health coverage, the amount of support civilian employers would be willing to provide with health care premiums, and where they and their dependents live. If dependents of reservists encounter increased future difficulties in maintaining their civilian health insurance due to problems associated with longer mobilizations and absence from civilian employment, they may rely on DOD for their health care benefits to a greater degree than they do today.

When activated for a contingency operation, reservists and their dependents are eligible for health care benefits under TRICARE, DOD's managed health care program. TRICARE offers beneficiaries three health care options: Prime, Standard, and Extra. TRICARE Prime is similar to a private HMO plan and does not require enrollment fees or co-payments. TRICARE Standard, a fee-for-service program, and TRICARE Extra, a preferred provider option, require co-payments and annual deductibles. None of these three options require reservists to pay a premium. Benefits under TRICARE are provided at more than 500 military treatment facilities worldwide, through a network of TRICARE-authorized civilian providers,

or through non-network physicians who will accept TRICARE reimbursement rates.

Reservists who are activated for 30 days or less are entitled to receive medical care for injuries and illnesses incurred while on duty. Reservists who are placed on active duty orders for 31 days or more are automatically enrolled in TRICARE Prime and receive most care at a military treatment facility. Family members of reservists who are activated for 31 days or more may obtain coverage under TRICARE Prime, Standard, or Extra.[14] Family members who participate in Prime obtain care at either a military treatment facility or through a network provider. Under Standard or Extra, beneficiaries must use either a network provider or a non-network physician who will accept TRICARE rates.

Upon release from active duty that extended for at least 30 days, reservists and their dependents are entitled to continue their TRICARE benefits for 60 days or 120 days, depending on the members' cumulative active duty service time. Reservists and their dependents may also elect to purchase extended health care coverage for a period of at least 18, but no more than 36, months under the Continued Health Care Benefit Program.

Despite the availability of DOD health care benefits with no associated premium, many reserve family members elect to maintain their civilian health care insurance during mobilizations. In September 2002, we reported that, according to DOD's 2000 survey, nearly 80 percent of reservists reported having health care coverage when they were not on active duty. Of reservists with civilian coverage, about 90 percent maintained it during their mobilization.[15] Reservists we interviewed often told us that they maintained this coverage to better ensure continuity of health benefits and care for their dependents. Many reservists who did drop their civilian insurance and whose dependents did use TRICARE

[14] Until last week, family members of reservists generally became eligible for Prime when the reservist was activated for 179 days or more. Legislation passed in December (P.L. 107-314, Sec. 702) made family members of reservists activated for more than 30 days eligible for the Prime benefit if they reside more than 50 miles, or an hour's driving time, from a military treatment facility. Last week, the Defense Department altered TRICARE policy such that all family members of reservists activated for more than 30 days are eligible for the Prime benefit.

[15] U.S. General Accounting Office, *Defense Health Care: Most Reservists Have Civilian Health Coverage but More Assistance Is Needed When TRICARE Is Used*, GAO-02-829 (Washington, D.C.: Sept. 6, 2002).

reported difficulties moving into and out of the system, finding a TRICARE provider, establishing eligibility, understanding TRICARE benefits, and knowing where to go for assistance when questions and problems arose. While reserve and active component beneficiaries report similar difficulties using the TRICARE system, these difficulties are magnified for reservists and their dependents. For example, 75 percent of reservists live more than 50 miles from military treatment facilities, compared with 5 percent of active component families. As a result, access to care at military treatment facilities becomes more challenging for dependents of reservists than their active component counterparts.

Unlike active component members, reservists may also transition into and out of TRICARE several times throughout a career. These transitions create additional challenges in ensuring continuity of care, reestablishing eligibility in TRICARE, and familiarizing or re-familiarizing themselves with the TRICARE system. Reservists are also not part of the day-to-day military culture and, according to DOD officials, generally have less incentive to become familiar with TRICARE because it becomes important to them and their families only if they are mobilized. Furthermore, when reservists are first mobilized, they must accomplish many tasks in a compressed period. For example, they must prepare for an extended absence from home, make arrangements to be away from their civilian employment, obtain military examinations, and ensure their families are properly registered in the Defense Enrollment Eligibility Reporting System (DOD's database system maintaining benefit eligibility status). It is not surprising that many reservists, when placed under condensed time frames and high stress conditions, experience difficulties when transitioning to TRICARE.

We recommended in September 2002 that DOD (1) ensure that reservists, as part of their ongoing readiness training, receive information and training on health care coverage available to them and their dependents when mobilized and (2) provide TRICARE assistance during mobilizations targeted to the needs of reservists and their dependents. DOD has added information targeted at reservists to its TRICARE Web site and last month, in response to our recommendation, developed a TRICARE reserve communications plan aimed at outreach and education of reservists and their families.

The TRICARE Web site is a robust source of information on DOD's health care benefits. The Web site contains information on all TRICARE programs, TRICARE eligibility requirements, briefing and brochure information, location of military treatment facilities, toll free assistance

numbers, network provider locations and other general network information, beneficiary assistance counselor information, and enrollment information. There is also a section of the Web site devoted specifically to reservists, with information and answers to questions that reservists are likely to have. Results from DOD's 2000 survey show that about 9 of every 10 reservists have access to the Internet.

The TRICARE reserve communications plan's main goals are to educate reservists and their family members on health care and dental benefits available to them and to engage key communicators in the active and reserve components. The plan identifies a number of tactics for improving how health care information is delivered to reservists and their families. Materials are delivered through direct mailing campaigns, fact sheets, brochures, working groups, and briefings to leadership officials who will brief reservists and to reservists themselves. The plan identifies target audiences and key personnel for information delivery and receipt. The plan identifies methods of measurement which will assist in identifying the degree information is being requested and received. We plan to look at the TRICARE reserve communications plan in more detail as we continue our study.

Under DOD authorities in the National Defense Authorization Acts for 2000 and 2001, DOD instituted several demonstration programs to provide financial assistance to reservists and family members. For example, DOD instituted the TRICARE Reserve Component Family Member Demonstration Project to reduce TRICARE costs and assist dependents of reservists in maintaining relationships with their current health care providers. Participants are limited to family members of reservists mobilized for operations Noble Eagle and Enduring Freedom. The demonstration project eliminates the TRICARE deductible and the requirement that dependents obtain statements saying that inpatient care is not available at a military treatment facility before they can obtain nonemergency treatment from a civilian hospital. In addition, DOD may pay a non-network physician up to 15 percent more than the current TRICARE rate. As we continue our study, we plan to review the results of the demonstration project and its impact on improving health care for reservists' family members.

DOD Actions Needed to Better Manage Relations Between Reservists and Their Employers

Most reservists have civilian jobs. The 2000 survey shows that 75 percent of drilling unit members worked full-time in a civilian job.[16] Of those with civilian jobs, 30 percent of reservists worked for government at the federal, state, or local level; 63 percent worked for a private sector firm; and 7 percent were self-employed or worked without pay in their family business or farm. The 2000 survey shows that one of the most serious problems reported by reservists in previous mobilizations and deployments was hostility from their supervisor. It should be noted, however, that many employers changed company policies or added benefits for deployed reservists after September 11, 2001. In a small nonprojectable sample of employers, we found that more than half provided health care benefits and over 40 percent provided pay benefits that are not required by the Uniformed Services Employment and Reemployment Rights Act of 1994.[17]

Maintaining employers' continued support for their reservist employees will be critical if DOD is to retain experienced reservists in these times of longer and more frequent deployments. DOD has activities aimed at maintaining and enhancing employers' support for reservists. The National Committee for Employer Support of the Guard and Reserve serves as DOD's focal point in managing the department's relations with reservists and their civilian employers. Two specific functions of this organization are to (1) educate reservists and employers concerning their rights and responsibilities and (2) mediate disputes that may arise between reservists and their employers.

Although DOD has numerous outreach efforts, we have found that a sizeable number of reservists and employers were unsure about their rights and responsibilities. For example, a 1999 DOD survey found that 31 percent of employers were not aware of laws protecting reservists. In a recent report, we listed several factors that have hampered DOD's outreach efforts to both employers and reservists.[18] DOD has lacked complete information on who reservists' employers are; it does not know the full extent of problems that arise between employers and reservists; and it has no assurance that its outreach activities are being implemented consistently. We recommended that DOD take a number of actions to

[16] This figure does not include reservists who work as civilian military technicians.

[17] Pub. L. 103-353 (Oct. 13, 1994), 38 U.S.C. secs. 4301-4333.

[18] GAO-02-608.

improve the effectiveness of outreach programs and other aspects of reservist-employer relations.

DOD concurred with most of these recommendations and has taken some actions. Most notably, DOD is moving ahead with plans to collect employer data from all of its reserve personnel. The data, if collected as planned, should help DOD inform all employers of their rights and obligations, identify employers for recognition, and implement proactive public affairs campaigns. However, DOD has not been as responsive to our recommendation that the services improve their compliance with DOD's goal of issuing orders 30 days in advance of deployments so that reservists can notify their employees promptly. While our recommendation acknowledged that it will not be possible to achieve the 30-day goal in all cases, our recommendation was directed at mature, ongoing contingency mobilization requirements, such as the requirements that have existed in Bosnia since 1995. We believe that DOD needs to return to its 30-day goal following the current crisis or it will risk losing employer support for its reserve forces.

I would like to take a moment, Mr. Chairman, to address the issue of reservists who are students. Almost one-fourth of drilling unit members responding to DOD's 2000 survey said they were currently in school. While DOD has an active program to address problems that arise between reservists and their civilian employers, there is no federal statute to protect students. Student members of the reserves are not guaranteed refunds of tuition and fees paid for the term they cannot complete, and there is no federal statute for partial course credit or the right to return to the college or university upon completion of active service. Based on our recent work, we recommended that DOD add students as a target population to the mission and responsibilities of the National Committee for Employer Support of the Guard and Reserve, study in depth the problems related to deployments that student reservists have experienced, and determine what actions the National Committee for Employer Support of the Guard and Reserve might take to help students and their educational institutions. We feel DOD is giving this issue an appropriate amount of attention given its resources. Employer Support of the Guard and Reserve volunteers are directing students to available resources and the Office of the Assistant Secretary of Defense for Reserve Affairs has added student information and hyperlinks to its official Web site. One available resource, for example, is the Servicemembers Opportunity

Colleges, which has volunteered to mediate any disputes that arise between reservists and their schools.[19] In addition, 12 states have enacted laws or policies to protect student reservists since our report was issued last June, making a current total of 15 states with such laws or polices.

Observations on Reserve Retirement Age

The current reserve retirement system dates back to 1948 with the enactment of the Army and Air Force Vitalization and Retirement Equalization Act.[20] The act established age 60 as the age at which reserve retirees could start drawing their retirement pay. At the time the act was passed, age 60 was the minimum age at which federal civil service employees could voluntarily retire. Active component retirees start drawing their retirement pay immediately upon retirement.

Several proposals have been made to change the reserve retirement eligibility age. In 1988, the 6th Quadrennial Review of Military Compensation concluded that the retirement system should be changed to improve retention of mid-career personnel and encourage reservists who lack promotion potential or critical skills to voluntarily leave after 20 years of service. The study recommended a two-tier system that gives reserve retirees the option of electing to receive a reduced annuity immediately upon retirement or waiting until age 62 to begin receiving retirement pay. Recent legislative proposals have called for lowering the retirement pay eligibility age from 60 to 55, establishing a graduated annuity, or establishing an immediate annuity similar to that in the active duty military retirement system.

Mr. Chairman, I would like to make two observations about reforming the reserve retirement system.

First, equity between reservists and active duty personnel is one consideration in assessing competing retirement systems, but it is not the only one. Other important considerations are the impact of the retirement system on the age and experience distribution of the force, its ability to promote flexibility in personnel management decisions and to facilitate

[19] The Servicemembers Opportunity Colleges is a consortium of national higher education associations and more than 1,500 colleges. The organization helps to coordinate postsecondary educational opportunities for servicemembers through voluntary programs that are funded by the military services.

[20] June 29, 1948, ch. 708, 62 stat. 1081.

integration between the active and reserve components, and the cost. Changes to the retirement system could prove to be costly. Last year, the Congressional Budget Office estimated that lowering the retirement pay eligibility age from age 60 to 55 would cost $26.6 billion over 10 years.

Second, DOD currently lacks critical data needed to assess alternatives to the existing retirement system. According to a 2001 study conducted for the 9th Quadrennial Review of Military Compensation,[21] DOD should (1) assess whether the current skill, experience, and age composition of the reserves is desirable and, if not, what it should look like now and in the future and (2) develop an accession and retention model to evaluate how successful varying combinations of compensation and personnel management reforms would be in moving the reserves toward that preferred composition. DOD has contracted with RAND and the Logistics Management Institute to study military retirement. RAND will review alternative military retirement systems recommended by past studies, develop a model of active and reserve retirement and retention, analyze their likely effects on the retirement benefits that individuals can expect to receive, and identify and analyze the obstacles and issues pertaining to the successful implementation and therefore the viability of these alternatives. The Logistics Management Institute will assess alternative retirement systems with a focus on portability, vesting, and equity. These studies are looking at seven alternatives to the reserve retirement system. Preliminary results from these studies are expected later this year. As discussed with your offices, we plan to review the reserve retirement system in the future.

Contacts and Acknowledgments

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[21] RAND, *Reforming the Reserve Retirement System*, PM-1278-NDRI (Dec. 2001).