

106TH CONGRESS
2D SESSION

H. R. 4369

To amend title 10, United States Code, to improve access to benefits under the TRICARE program; to extend and improve certain demonstration programs under the Defense Health Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 3, 2000

Mr. LUCAS of Kentucky introduced the following bill; which was referred to the Committee on Armed Services, and in addition to the Committees on Government Reform, Veterans' Affairs, Ways and Means, and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title 10, United States Code, to improve access to benefits under the TRICARE program; to extend and improve certain demonstration programs under the Defense Health Program, 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 “Veterans’ Health Care
5 Improvement and Prescription Drug Cost Relief Act of
6 2000”.

1 **TITLE I—SENIOR HEALTH CARE**

2 **SEC. 101. EXTENSION OF TRICARE SENIOR SUPPLEMENT**
3 **DEMONSTRATION PROGRAM.**

4 Section 722(a)(2) of the Strom Thurmond National
5 Defense Authorization Act for Fiscal Year 1999 (Public
6 Law 105–261; 112 Stat. 2065; 10 U.S.C. 1073 note) is
7 amended by striking “December 31, 2002” and inserting
8 “December 31, 2005”.

9 **SEC. 102. TRICARE SENIOR PRIME DEMONSTRATION PRO-**
10 **GRAM.**

11 (a) EXTENSION OF DEMONSTRATION PROGRAM.—
12 Paragraph (4) of section 1896(b) of the Social Security
13 Act (42 U.S.C. 1395ggg(b)) is amended by striking “3-
14 year period beginning on January 1, 1998” and inserting
15 “period beginning on January 1, 1998, and ending on De-
16 cember 31, 2005”.

17 (b) ADDITION OF MAJOR MEDICAL CENTERS.—
18 Paragraph (1)(A) of such section 1895(b) is amended by
19 striking “in a military treatment facility” and inserting
20 “in a Department of Defense medical center considered
21 by the Secretary to be a major medical center, in any other
22 military treatment facility,”.

23 (c) DESIGNATION OF ADDITIONAL SITES.—Para-
24 graph (2) of such section 1896(b) is amended to read as
25 follows:

1 “(2) DESIGNATION OF SITES.—

2 “(A) IN GENERAL.—The project estab-
3 lished under this section shall be conducted at
4 sites designated jointly by the administering
5 Secretaries after review of all TRICARE re-
6 gions.

7 “(B) SPECIFIC SITES.—The sites for the
8 project shall include the 6 sites designated in
9 accordance with subparagraph (A) before the
10 date of the enactment of the National Defense
11 Authorization Act for Fiscal Year 2001 and the
12 major medical centers designated after such
13 date in accordance with that subparagraph.”.

14 **SEC. 103. COVERAGE OF RETIREES OVER AGE 64 BY FED-**
15 **ERAL EMPLOYEES HEALTH BENEFITS PRO-**
16 **GRAM.**

17 (a) EXTENSION OF COVERAGE FOR RETIREES OVER
18 AGE 64.—(1) Section 1108 of title 10, United States
19 Code, is amended by adding at the end the following:

20 “(m) EXTENSION OF COVERAGE FOR RETIREES
21 OVER AGE 64.—(1) Eligible beneficiaries referred to in
22 subsection (b)(1) who will be at least 65 years of age on
23 December 31, 2002, shall be permitted to enroll, or to ex-
24 tend a previous enrollment entered into under subsection

1 (d)(2), during a period of open enrollment for the year
2 2003 (conducted in the fall of 2002).

3 “(2) Subject to paragraphs (2) and (3) of subsection
4 (f), the period of enrollment, or extension of enrollment,
5 of an eligible beneficiary under paragraph (1) shall be
6 three years unless the beneficiary disenrolls before the ter-
7 mination of the demonstration project.

8 “(3) The agreement under subsection (a) shall pro-
9 vide for continuation of the demonstration project for a
10 total of five contract years under the Federal Employees
11 Health Benefits program for eligible beneficiaries referred
12 to in paragraph (1).”.

13 (2) Subsection (d) of such section is amended—

14 (A) in paragraph (1), by striking “three con-
15 tract years” and inserting “six contract years”; and

16 (B) in paragraph (2), by striking “December
17 31, 2002” in the second sentence and inserting “De-
18 cember 31, 2005”.

19 (3) Subsection (f)(1) of such section is amended by
20 adding at the end the following: “A beneficiary may not
21 extend the enrollment unless eligible to do so under sub-
22 section (m)(1).”.

23 (b) ADDITIONAL AREAS OF COVERAGE.—Subsection
24 (c) of such section is amended—

25 (1) by striking “, but not more than ten,”; and

1 (2) by striking the third sentence and inserting
2 the following: “In establishing the areas, the Sec-
3 retary and Director shall include an area that in-
4 cludes the catchment area of one or more military
5 medical treatment facilities, an area that is not lo-
6 cated in the catchment area of a military medical
7 treatment facility, an area in which there is a Medi-
8 care Subvention Demonstration project area under
9 section 1896 of title XVIII of the Social Security
10 Act (42 U.S.C. 1395ggg), and one area for each
11 TRICARE region. Each area selected after the date
12 of the enactment of the National Defense Authoriza-
13 tion Act for Fiscal Year 2001 shall be an area that
14 is not located in the catchment area of a military
15 medical treatment facility.”.

16 **SEC. 104. IMPLEMENTATION OF REDESIGNED PHARMACY**
17 **SYSTEM.**

18 (a) ENROLLMENT FEE AND DEDUCTIBLES RE-
19 QUIRED.—Subsection (b) of section 723 of the Strom
20 Thurmond National Defense Authorization Act for Fiscal
21 Year 1999 (Public Law 105–261; 112 Stat. 2068; 10
22 U.S.C. 1073 note) is amended to read as follows:

23 “(b) ENROLLMENT FEES, DEDUCTIBLES, AND
24 OTHER CHARGES.—(1) The Secretary may require each
25 eligible individual described in subsection (e) who partici-

1 pates in the redesigned pharmacy system to pay an enroll-
2 ment fee. The Secretary shall ensure that any such enroll-
3 ment fee required after December 31, 2000, is lower than
4 the enrollment fee charged under this subsection on such
5 date.

6 “(2) The Secretary may also impose one or more
7 cost-sharing requirements for each individual referred to
8 in paragraph (1) for benefits under the redesigned phar-
9 macy system as follows:

10 “(A) An annual deductible requirement for each
11 such individual.

12 “(B) Any premiums, copayments, or other
13 charges that the Secretary would otherwise collect
14 from individuals similar to such individual.”.

15 (b) PERIODIC PAYMENT OF PREMIUMS.—Subsection
16 (b) of such section is further amended by adding at the
17 end the following:

18 “(2) An individual may elect to pay a premium
19 charged under this subsection on a monthly or quarterly
20 basis.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on January 1, 2001, and shall
23 apply with respect to participation in the redesigned phar-
24 macy system under section 723 of Public Law 105–261
25 for months beginning on or after that date.

1 **TITLE II—TRICARE PROGRAM**

2 **SEC. 201. ADDITIONAL BENEFICIARIES UNDER TRICARE**
3 **PRIME REMOTE PROGRAM IN CONUS.**

4 (a) COVERAGE OF OTHER UNIFORMED SERVICES.—

5 (1) Section 1074(c) of title 10, United States Code, is
6 amended—

7 (A) by striking “armed forces” each place it ap-
8 pears, except in paragraph (3)(A), and inserting
9 “uniformed services”;

10 (B) in paragraph (1), by inserting after “mili-
11 tary department” in the first sentence the following:
12 “, the Department of Transportation (with respect
13 to the Coast Guard when it is not operating as a
14 service in the Navy), or the Department of Health
15 and Human Services (with respect to the National
16 Oceanic and Atmospheric Administration and the
17 Public Health Service)”;

18 (C) in paragraph (2), by adding at the end the
19 following:

20 “(C) The Secretary of Defense shall consult
21 with the other administering Secretaries in the ad-
22 ministration of this paragraph.”; and

23 (D) in paragraph (3)(A), by striking “The Sec-
24 retary of Defense may not require a member of the
25 armed forces described in subparagraph (B)” and

1 inserting “A member of the uniformed services de-
2 scribed in subparagraph (B) may not be required”.

3 (2)(A) Subsections (b), (c), and (d)(3) of section 731
4 of the National Defense Authorization Act for Fiscal Year
5 1998 (Public Law 105–85; 111 Stat. 1811; 10 U.S.C.
6 1074 note) are amended by striking “Armed Forces” and
7 inserting “uniformed services”.

8 (B) Subsection (b) of such section is further amended
9 by adding at the end the following:

10 “(4) The Secretary of Defense shall consult with the
11 other administering Secretaries in the administration of
12 this subsection.”.

13 (C) Subsection (f) of such section is amended by add-
14 ing at the end the following:

15 “(3) The terms ‘uniformed services’ and ‘ad-
16 ministering Secretaries’ have the meanings given
17 those terms in section 1072 of title 10, United
18 States Code.”.

19 (3) Section 706(b) of the National Defense Author-
20 ization Act for Fiscal Year 2000 (Public Law 106–65; 113
21 Stat. 684) is amended by striking “Armed Forces” and
22 inserting “uniformed services (as defined in section
23 1072(1) of title 10, United States Code)”.

1 (b) COVERAGE OF IMMEDIATE FAMILY.—(1) Section
2 1079 of title 10, United States Code, is amended by add-
3 ing at the end the following:

4 “(p)(1) Subject to such exceptions as the Secretary
5 of Defense considers necessary, coverage for medical care
6 under this section for the dependents referred to in sub-
7 section (a) of a member of the uniformed services referred
8 to in section 1074(c)(3) of this title who are residing with
9 the member, and standards with respect to timely access
10 to such care, shall be comparable to coverage for medical
11 care and standards for timely access to such care under
12 the managed care option of the TRICARE program known
13 as TRICARE Prime.

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

18 “(3) The Secretary of Defense shall consult with the
19 other administering Secretaries in the administration of
20 this subsection.”.

21 (2) Section 731(b) of the National Defense Author-
22 ization Act for Fiscal Year 1998 (Public Law 105–85; 111
23 Stat. 1811; 10 U.S.C. 1074 note) is amended—

24 (A) in paragraph (1), by adding at the end the
25 following: “A dependent of the member, as described

1 in subparagraph (A), (D), or (I) of section 1072(2)
2 of title 10, United States Code, who is residing with
3 the member shall have the same entitlement to care
4 and to waiver of charges as the member.”; and

5 (B) in paragraph (2), by inserting “or depend-
6 ent of the member, as the case may be,” after “(2)
7 A member”.

8 (c) EFFECTIVE DATE.—(1) The amendments made
9 by subsection (a)(2), with respect to members of the uni-
10 formed services, and the amendments made by subsection
11 (b)(2), with respect to dependents of members, shall take
12 effect on the date of the enactment of this Act and shall
13 expire with respect to a member or the dependents of a
14 member, respectively, on the later of the following:

15 (A) The date that is one year after the date of
16 the enactment of this Act.

17 (B) The date on which the amendments sub-
18 section (a)(1) or (b)(1) apply with respect to the
19 coverage of medical care for and provision of such
20 care to the member or dependents, respectively.

21 (2) Section 731(b)(3) of Public Law 105–85 does not
22 apply to a member of the Coast Guard, the National Oce-
23 anic and Atmospheric Administration, or the Commis-
24 sioned Corps of the Public Health Service, or to a depend-
25 ent of a member of a uniformed service.

1 **SEC. 202. ELIMINATION OF COPAYMENTS FOR IMMEDIATE**
2 **FAMILY.**

3 (a) NO COPAYMENT FOR IMMEDIATE FAMILY.—Sec-
4 tion 1097a of title 10, United States Code, is amended—

5 (1) by redesignating subsection (e) as sub-
6 section (f); and

7 (2) by inserting after subsection (d) the fol-
8 lowing new subsection (e):

9 “(e) NO COPAYMENT FOR IMMEDIATE FAMILY.—No
10 copayment shall be charged a member for care provided
11 under TRICARE Prime to a dependent of a member of
12 the uniformed services described in subparagraph (A),
13 (D), or (I) of section 1072 of this title.”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 subsection (a) shall take effect on October 1, 2000, and
16 shall apply with respect to care provided on or after that
17 date.

18 **SEC. 203. IMPROVEMENT IN BUSINESS PRACTICES IN THE**
19 **ADMINISTRATION OF THE TRICARE PRO-**
20 **GRAM.**

21 (a) REQUIREMENT.—Not later than October 1, 2001,
22 the Secretary of Defense shall take actions that the Sec-
23 retary considers appropriate to improve the business prac-
24 tices used in administering the access of eligible persons
25 to health care services through the TRICARE program

1 under chapter 55 of title 10, United States Code, includ-
2 ing the practices relating to the following:

3 (1) The availability and scheduling of appoint-
4 ments.

5 (2) The filing, processing, and payment of
6 claims.

7 (3) Public relations efforts that are focused on
8 outreach to eligible persons.

9 (4) The continuation of enrollments without ex-
10 piration.

11 (5) The portability of enrollments nationwide.

12 (b) CONSULTATION.—The Secretary of Defense shall
13 consult with the other administering Secretaries in the de-
14 velopment of the actions to be taken under subsection (a).

15 (c) REPORT.—Not later than March 15, 2001, the
16 Secretary of Defense shall submit to the Committees on
17 Armed Services of the Senate and House of Representa-
18 tives a report on the actions to be taken under subsection
19 (a).

20 (d) DEFINITIONS.—In this section the terms “admin-
21 istering Secretaries” and “TRICARE program” shall have
22 the meanings given such terms in section 1072 of title 10,
23 United States Code.

1 **TITLE III—JOINT INITIATIVES**
2 **WITH DEPARTMENT OF VET-**
3 **ERANS AFFAIRS**

4 **SEC. 301. TRACKING PATIENT SAFETY IN MILITARY AND**
5 **VETERANS HEALTH CARE SYSTEMS.**

6 (a) **CENTRALIZED TRACKING PROCESS.**—The Sec-
7 retary of Defense and the Secretary of Veterans Affairs
8 shall jointly prescribe a centralized process for the report-
9 ing, compiling, and analysis of errors in the provision of
10 health care under the Defense Health Program and the
11 Department of Veterans Affairs health care system that
12 endanger patients beyond the normal risks associated with
13 the care and treatment of the patients.

14 (b) **SAFETY INDICATORS, ET CETERA.**—The process
15 shall include such indicators, standards, and protocols as
16 the Secretary of Defense and the Secretary of Veterans
17 Affairs consider necessary for the establishment and ad-
18 ministration of an effective process.

19 **SEC. 302. PHARMACEUTICAL IDENTIFICATION TECH-**
20 **NOLOGY.**

21 (a) **BAR CODE IDENTIFICATION TECHNOLOGY.**—The
22 Secretary of Defense and the Secretary of Veterans Af-
23 fairs shall jointly develop a system for the use of bar codes
24 for the identification of pharmaceuticals.

1 (b) USE IN NATIONAL MAIL ORDER PHARMA-
 2 CEUTICALS DEMONSTRATION PROJECT.—The Secretary
 3 of Defense, in consultation with the Secretary of Veterans
 4 Affairs, shall experiment with the use of bar code identi-
 5 fication of pharmaceuticals in the administration of the
 6 mail order pharmaceutical demonstration project being
 7 carried out under section 702 of the National Defense Au-
 8 thorization Act for Fiscal Year 1993 (Public Law 102-
 9 484; 106 Stat. 2431; 10 U.S.C. 1079 note).

10 **TITLE IV—OTHER MATTERS**

11 **SEC. 401. PERMANENT AUTHORITY FOR CERTAIN PHARMA- 12 CEUTICAL BENEFITS.**

13 (a) AUTHORITY.—(1) Chapter 55 of title 10, United
 14 States Code, is amended by adding at the end the fol-
 15 lowing:

16 **“§ 1110. Pharmaceutical benefits**

17 “(a) PHARMACEUTICALS BY MAIL.—The Secretary of
 18 Defense shall authorize eligible persons to obtain prescrip-
 19 tion pharmaceuticals by mail in connection with medical
 20 care furnished to such persons under this chapter.

21 “(b) RETAIL PHARMACY NETWORK.—To the max-
 22 imum extent practicable, the Secretary of Defense shall
 23 include in each managed health care program under this
 24 chapter, a program to supply prescription pharmaceuticals
 25 to eligible persons through a managed care network of

1 community retail pharmacies in the area covered by the
2 managed health care program.

3 “(c) ELIGIBLE PERSONS.—A person is eligible to ob-
4 tain pharmaceuticals under the program of pharma-
5 ceuticals by mail under subsection (a) or through a retail
6 pharmacy network included in a managed health care pro-
7 gram under subsection (b) as follows:

8 “(1) A person who is eligible for medical care
9 under a contract for medical care entered into by the
10 Secretary of Defense under section 1079 or 1086 of
11 this title.

12 “(2) A person who would be eligible for medical
13 care under a contract for medical care entered into
14 under section 1086 of this title except for the oper-
15 ation of subsection (d)(1) of such section.

16 “(d) PHARMACEUTICALS OFFERED.—The Secretary
17 of Defense shall determine the pharmaceuticals that may
18 be obtained by eligible persons under subsection (a) or (b).

19 “(e) FEES.—The Secretary of Defense shall prescribe
20 an appropriate fee, charge, or copayment to be paid by
21 persons for pharmaceuticals obtained under subsection (a)
22 or (b).

23 “(f) CONSULTATION REQUIREMENT.—The Secretary
24 of Defense shall consult with the other administering Sec-
25 retaries in the administration of this section.”.

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

“1110. Pharmaceutical benefits.”.

3 (b) **REPEAL OF SUPERSEDED AUTHORITY.**—Section
4 702 of the National Defense Authorization Act for Fiscal
5 Year 1993 (Public Law 102–484; 106 Stat. 2431; 10
6 U.S.C. 1079 note) is repealed.

7 (c) **EFFECTIVE DATE.**—This section and the amend-
8 ments made by this section shall take effect on January
9 1, 2001.

10 **SEC. 402. PROVISION OF DOMICILIARY AND CUSTODIAL**
11 **CARE FOR CHAMPUS BENEFICIARIES.**

12 (a) **CONTINUATION OF CARE FOR CERTAIN**
13 **CHAMPUS BENEFICIARIES.**—Section 703(a)(1) of the
14 National Defense Authorization Act for Fiscal Year 2000
15 (Public Law 106–65; 113 Stat. 682; 10 U.S.C. 1077 note)
16 is amended by inserting before the period at the end the
17 following: “or by the prohibition in section 1086(d)(1) of
18 such title”.

19 (b) **COST LIMITATION FOR INDIVIDUAL CASE MAN-**
20 **AGEMENT PROGRAM.**—(1) Section 1079(a)(17) of title 10,
21 United States Code, is amended—

22 (A) by inserting “(A)” after “(17)”; and

23 (B) by adding at the end the following:

1 “(B) The total amount expended under sub-
2 paragraph (A) for a fiscal year may not exceed
3 \$100,000,000.”.

4 (2) Section 703 of the National Defense Authoriza-
5 tion Act for Fiscal Year 2000 is amended by adding at
6 the end the following:

7 “(e) COST LIMITATION.—The total amount paid for
8 services for eligible beneficiaries under subsection (a) for
9 a fiscal year (together with the costs of administering the
10 authority under that subsection) shall be included in the
11 expenditures limited by section 1079(a)(17)(B) of title 10,
12 United States Code.”.

13 (2) The amendments made by paragraphs (1) and (2)
14 shall apply to fiscal years after fiscal year 1999.

15 **SEC. 403. STUDIES OF ACCRUAL FINANCING FOR HEALTH**

16 **CARE FOR MILITARY RETIREES.**

17 (a) STUDIES REQUIRED.—The Secretary of Defense
18 shall carry out two studies to assess the feasibility and
19 desirability of financing the military health care program
20 for retirees of the uniformed services on an accrual basis.

21 (b) SOURCES OF STUDIES.—The Secretary shall pro-
22 vide for—

23 (1) one of the studies under subsection (a) to
24 be conducted by one or more Department of Defense
25 organizations designated by the Secretary; and

1 (2) the other study to be conducted by an orga-
2 nization that is independent of the Department of
3 Defense and has expertise in financial programs and
4 health care.

5 (c) REPORTS.—(1) The Secretary shall provide for
6 the submission of a final report on each study to the Sec-
7 retary within such time as the Secretary determines nec-
8 essary to satisfy the requirement in paragraph (2).

9 (2) The Secretary shall transmit the final reports on
10 the studies to Congress not later than February 8, 2001.
11 The Secretary may include in the transmittal any com-
12 ments on the reports or on the matters studied that the
13 Secretary considers appropriate.

○