



# TRICARE Cost-Sharing Changes in 2021

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The Department of Defense (DOD) administers a statutory health entitlement (under [Chapter 55](#) of Title 10, U.S. Code) through the [Military Health System](#) (MHS). The MHS offers health care benefits and services through its [TRICARE program](#) to approximately [9.6 million beneficiaries](#) composed of servicemembers, military retirees, and family members. Health care services are available through DOD-operated hospitals and clinics, collectively referred to as [military treatment facilities](#) (MTFs), or through [civilian health care providers](#) participating in the TRICARE program. The [Defense Health Agency](#) (DHA) manages the TRICARE program, in collaboration with the military departments.

With the exception of active duty servicemembers, beneficiaries are subject to certain cost-sharing requirements based on beneficiary status, health plan or benefit program, and the [sponsor's](#) initial enlistment or appointment date. [Beneficiary cost-sharing requirements](#) include premiums (i.e., *enrollment fees*), deductibles, co-payments, coinsurance, and a catastrophic cap. Periodically, DHA reviews and adjusts certain beneficiary cost-sharing amounts for the various TRICARE health plans and benefit programs based on statutory requirements or changes to the cost of coverage. This Insight reviews changes to TRICARE's beneficiary cost-sharing amounts that are scheduled to take effect on January 1, 2021.

## What TRICARE health plans and benefit programs are scheduled to have modified cost sharing amounts in 2021?

For calendar year (CY) 2021, DHA is increasing certain beneficiary cost-sharing amounts for the following TRICARE health plans and benefit programs:

- [TRICARE Prime](#);
- [TRICARE Select](#);
- [TRICARE Reserve Select](#);
- [TRICARE Retired Reserve](#);
- [TRICARE Young Adult](#); and the

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- [Continued Health Care Benefit Program](#).

Certain [TRICARE dental plans](#) may also have revised cost-sharing amounts. There are no scheduled changes to the cost-sharing amounts for TRICARE [pharmacy benefits](#) or [TRICARE for Life](#). A detailed listing of CY2020 and CY2021 cost sharing amounts by health plan or benefit program is available using the [TRICARE compare cost tool](#).

## Why are certain military retirees going to be required to pay an enrollment fee for TRICARE Select?

Section 701 of the FY2017 National Defense Authorization Act (NDAA; P.L. 114-328) directed certain [reforms to the MHS and the TRICARE program](#), including the establishment of a new preferred provider option (PPO), referred to as TRICARE Select, to replace TRICARE Standard, the previous PPO option. The provision also revised the cost sharing structure for most TRICARE plan options and included several actions to ease the application of new cost sharing requirements to certain *grandfathered* beneficiaries (i.e., non-Medicare-eligible military retirees and their family members) who originally enlisted or commissioned into military service prior to January 1, 2018. DHA refers to these beneficiaries as [Group A](#), whereas military retirees (and their family members) who began military service on/after January 1, 2018 are referred to as [Group B](#).

Prior to these congressionally-directed MHS reform efforts, Group A beneficiaries could participate in TRICARE's PPO plan (i.e., TRICARE Standard) and were not subject to mandatory enrollment fees. [Section §1075\(e\)](#) of Title 10, U.S. Code, directs DOD to establish an annual enrollment fee for Group A beneficiaries no earlier than 90 days after the Government Accountability Office (GAO) submission of a [report to Congress on certain beneficiary access, satisfaction, and the status of TRICARE reform actions](#). GAO delivered its report in February 2020. DOD [announced the change](#) on June 22, 2020. It requires Group A beneficiaries to pay an annual (or monthly) enrollment fee for TRICARE Select beginning on January 1, 2021. All TRICARE contractors, including [Humana Military](#), [HealthNet Federal Services](#), and [International SOS](#), are in the process of executing this statutorily-required change. Group B beneficiaries are not impacted by this change as they have been subject to TRICARE Select enrollment fees since January 1, 2018. [Table 1](#) compares the 2020 and 2021 TRICARE Select enrollment fees by beneficiary category.

**Table 1. TRICARE Select Annual Enrollment Fees**

Calendar Years 2020 and 2021

	2020 (Individual/Family)	2021 (Individual/Family)
Active Duty Family Member	\$0 / \$0	\$0 / \$0
Group A Beneficiaries	\$0 / \$0	\$150 / \$300
Group B Beneficiaries	\$471 / \$942	\$474 / \$948

**Source:** 10 U.S.C. §1075(e); DOD, "TRICARE Costs and Fees 2020," October 2020, <https://tricare.mil/Costs>; and DOD, "TRICARE Select Enrollment Fees," accessed October 30, 2020, <https://tricare.mil/Plans/Enroll/Select/EnrollmentFees>.

**Notes:** DHA also allows TRICARE Select enrollees to pay the enrollment fee in equal monthly payments.

## How does DHA determine the change in cost-sharing amounts?

DHA generally adjusts the TRICARE beneficiary cost-sharing amounts based on (1) specified amounts established in federal statutes; (2) statutory formulas; or (3) actuarial adjustments equal to the cost of coverage. **Table 2** specifies the method by which DHA determines periodic adjustments to beneficiary cost-sharing amounts.

**Table 2. Adjustment Methods used for TRICARE enrollee cost-sharing amounts**

Health Plan or Benefit Program	Adjustment Method	Authority
TRICARE Prime	<ul style="list-style-type: none"> <li>Amounts specified in statute and statutory formula</li> </ul>	10 U.S.C. §1075a
TRICARE Select	<ul style="list-style-type: none"> <li>Amounts specified in statute and statutory formula</li> </ul>	10 U.S.C. §1075
TRICARE Reserve Select	<ul style="list-style-type: none"> <li>Enrollment fee: actuarial adjustment</li> <li>Other cost-sharing amounts: mirrors TRICARE Select</li> </ul>	10 U.S.C. §1076d
TRICARE Retired Reserve	<ul style="list-style-type: none"> <li>Enrollment fee: actuarial adjustment</li> <li>Other cost-sharing amounts: mirrors TRICARE Select</li> </ul>	10 U.S.C. §1076e
TRICARE Young Adult (Prime or Select)	<ul style="list-style-type: none"> <li>Enrollment fee: actuarial adjustment</li> <li>Other cost-sharing amounts: mirrors TRICARE Prime or TRICARE Select</li> </ul>	10 U.S.C. §1110b
Continued Health Care Benefit Program	<ul style="list-style-type: none"> <li>Enrollment fee: actuarial adjustment</li> <li>Other cost-sharing amounts: mirrors TRICARE Select</li> </ul>	10 U.S.C. §1078a
TRICARE Pharmacy	<ul style="list-style-type: none"> <li>Amounts specified in statute and statutory formula</li> </ul>	10 U.S.C. §1074g
TRICARE Dental	<ul style="list-style-type: none"> <li>DHA-administered dental benefit: actuarial adjustment</li> <li>Federal Employee Dental and Vision Insurance Program: actuarial adjustment</li> </ul>	10 U.S.C. §1076a 5 U.S.C. §8958

**Source:** See various statutes in Chapter 55 of Title 10 and Chapter 89A of Title 5, U.S. Code.

**Notes:** DHA makes *actuarial adjustments* based on enrollment-weighted average annual costs of previous calendar years and projected administrative and health care costs. For more on how DHA makes actuarial adjustments, see <https://www.health.mil/Reference-Center/Policies/2019/06/13/Methodology-Determination-of-2020-Premium-Rates-for-TRICARE-Reserve-Select>. Certain beneficiaries are eligible for dental benefits through the Federal Employee Dental and Vision Insurance Program (FEDVIP). FEDVIP annually adjusts its cost-sharing amounts in accordance with [Chapter 89A](#) of Title 5, U.S. Code, [Part 894](#) of Title 5, Code of Federal Regulations, and [Office of Personnel Management policies](#).

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