

Retirement Pay and Medical Benefits

RETIREMENT PAY AND MEDICAL BENEFITS FOR COMMISSIONED OFFICERS

	FY 2016	FY 2017	FY 2018	FY 2018 +/-FY 2017
Retirement Payments	\$432,829,212	\$441,323,964	\$456,265,535	14,941,571
Survivor's Benefits	29,220,741	30,403,434	31,582,653	1,179,219
Medical Care Benefits	128,415,594	122,403,490	130,840,023	8,436,532
Accrued Health Care Benefits	26,456,214	27,873,208	31,156,270	3,283,062
Total	\$616,921,761	\$622,004,096	\$ 649,844,481	\$ 27,840,385

Authorizing Legislation 42 U.S.C., Chapter 6A; 10 U.S.C., Chapter 73; 10 U.S.C., Chapters 55; and Section 229(b) of the Social Security Act.

FY 2018 Authorization.....Indefinite.

Rationale for Budget

This appropriation provides for retirement payments to Public Health Service (PHS) Commissioned Corps officers who are retired for age, disability, or a specific length of service as well as payments to survivors of deceased retired officers who had elected to receive reduced retirement payments.

This appropriation also funds the provision of medical care to active duty and retired members of the Corps under the age of 65, dependents of active duty and retired members, and dependents of deceased members. This account includes payments to the Department of Defense (DoD) Medicare-Eligible Retiree Healthcare Fund for the accrued costs of health care for beneficiaries over the age of 65.

The Accrual Health Care Benefits amount is a per officer estimate provided by the DoD Office of the Actuary, multiplied by the estimated total number of active duty positions (6,643 in FY 2018), for a baseline contribution of \$32,484,270. This budget assumes a savings of \$1,328,000 from FY 2018 Department of Defense legislative proposals, yielding a total of \$31,156,270. The FY 2018 estimate is a net increase of \$3,283,062 over the FY 2017 level.

The overall request reflects increased costs in medical benefits, an average increase of 3.4% over the past five years in Retired Pay, and a net increase in the number of retirees and survivors during FY 2018.

Out Year Projections

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Retirement Payments	\$470,279,389	\$484,723,668	\$499,611,592	\$514,956,787	\$ 530,773,299
Survivor's Benefits	32,787,300	34,037,895	35,336,191	36,684,008	38,083,234
Medical Care Benefits	140,503,747	150,881,225	162,025,174	173,992,205	186,843,110
Accrued Health Care Benefits	34,000,000	36,000,000	35,000,000	39,000,000	41,000,000
Total*	\$677,570,436	\$ 705,642,788	\$731,972,957	\$764,633,000	\$ 796,699,643

*Baseline Totals; does not include DoD legislative proposals.