

Retirement Pay & Medical Benefits for Commissioned Officers

RETIREMENT PAY AND MEDICAL BENEFITS FOR COMMISSIONED OFFICERS

	FY 2014	FY 2015	FY 2016	FY 2016 +/-FY 2015
Retirement Payments	407,083,423	423,828,557	\$441,977,420	18,148,863
Survivor's Benefits	27,129,978	27,759,722	28,603,471	843,750
Medical Care Benefits	106,192,026	110,609,935	115,607,901	4,997,966
Accrued Health Care Benefits	27,335,980	27,958,911	29,189,669	1,230,758
Total	\$567,741,408	\$590,157,125	\$615,378,461	\$25,221,337

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 2016 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 Accrued 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 (6,899 in FY 2016), for a baseline contribution of \$29,189,669. The FY 2016 baseline estimate is a net increase of \$1,230,758 over the FY 2015 level. Additionally, this budget assumes \$1,474,000 in savings in FY 2016 associated with the Department of Defense legislative proposals.

The overall request reflects increased costs in medical benefits, an average increase of 4.3% over the past five years in Retired Pay, and a net increase in the number of retirees and survivors during FY 2016.

Out Year Projections

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Retirement Payments	460,903,440	480,639,895	501,221,490	522,684,414	545,066,408
Survivor's Benefits	29,472,866	30,368,687	31,291,735	32,242,839	33,222,852
Medical Care Benefits	120,831,703	126,291,545	131,998,093	137,962,494	144,196,399
Accrued Health Care Benefits	28,151,000	29,767,000	31,484,000	33,288,000	35,200,000
Total	\$639,359,009	\$667,067,127	\$695,995,318	\$726,177,748	\$757,685,660

¹ Baseline Totals; does not include DoD legislative proposals.