



Federal Update for August 24 - 28, 2015



Desert Storm Memorial ► Years Away from Becoming Reality

With the 25th anniversary of start of Operations Desert Shield and Desert Storm on Sunday, a memorial dedicated to those who served in the war still remains years away from becoming a reality. “Operation Desert Storm/Desert Shield is the largest American war of the 20th century without a memorial,” said Scott Stump, CEO of The National Desert Storm Memorial Foundation and a Marine veteran who served in the war. “I was one of the lucky ones. But there are almost 400 people who didn’t come back.” Congress approved in December 2014 the creation of the memorial on federal land in Washington, D.C. The foundation hired a fundraising firm a few months ago to help reach the \$25 million goal that’s needed to build the memorial, which will not use federal funds. Construction cannot begin until fundraising is completed.

While the monument will be built in Washington, the specific location is yet to be decided. The preliminary design of the monument looks like a hook, which symbolizes “the strategy employed in 1991 to swing around the left flank of the Iraqi army,” according to the foundation’s website. However, the final design and location will require the approval of the National Park Service. For decades, Gulf War veterans longed for a memorial to remember their sacrifices; nearly 400 coalition troops — including 294 U.S. service members — died, and hundreds more were wounded, according to the foundation and the Defense Department.

In August 1990, Iraq invaded its smaller neighbor Kuwait, an action that was unexpected by the international community. In response, an American-led coalition launched an operation composed of nearly 700,000 troops, 470,000 of whom were from the United States. Two years before invading Kuwait, Iraq ended its eight-year war with Iran, leaving it with a huge debt. By controlling Kuwait, Iraq would have significantly increased its share of the world’s oil reserves. The coalition drove the Iraqi army, then the fourth largest in the world, out of Kuwait in February 1991 in just 100 hours after a five-month build up.

“The Gulf War looks today like something of an anomaly: short and sharp, with a clear start and finish; focused on resisting external aggression, not nation-building; and fought on battlefields with combined arms, not in cities by special forces and irregulars,” wrote Richard Haass in the

Wall Street Journal. Haass is the president of the Council on Foreign Relations and was a special assistant to President George H.W. Bush.

Stump described Desert Storm as "a turning point" for American society. After the Vietnam War, he said, the country largely failed its veterans, treating them poorly upon their return to the U.S. By contrast, those returning from the Middle East were given a heroes' welcome. "Our citizens believed [in themselves] again," he added. "They realized how they respect the military." [Source: Medill News Service | Xiaolan Tang and Amina Ismail | Aug 03, 2015 ++]

Vietnam Veterans Memorial Update ► The Virtual Collection

The Vietnam Veterans Memorial Fund (VVMF) and the National Park Service (NPS) on 6 AUG unveiled Items Left at The Wall – a virtual collection of nearly 500 items left at The Wall that can now be seen at www.vvmf.org/items. This is the largest exhibit of items left at The Wall to be made available online, and is representative of the 400,000 items left since The Wall was dedicated in 1982. Shortly after its dedication, visitors to the Memorial began leaving items in memoriam to those killed and missing service members listed on The Wall. The NPS collects, catalogs, and preserves these objects as part of the Vietnam Veterans Memorial Collection. Once the Education Center at The Wall is funded and constructed, approximately 4,000 – 6,000 items will be on public display, selected with curatorial support from VVMF.

"This is a collection of the people, by the people, and now available for the people to honor the service of all Vietnam veterans and remember the sacrifice of those who gave all," said Jim Knotts, president and chief executive officer of VVMF. "These items tell an important story about the Vietnam War and era. Making these items available to the public is an important step toward building the Education Center at The Wall. I know website visitors will be awed and moved as they learn about these items, and they will understand how magnificent it will be to see 4,000-6,000 actual items on display once the Education Center is funded and built."

"Since the Vietnam Veterans Memorial opened more than 30 years ago, family, friends and loved ones of the more than 58,000 men and women listed on The Wall have left keepsakes and remembrances as part of their grieving process," said Karen Cucurullo, acting superintendent of National Mall and Memorial Parks. "As custodians of the Vietnam Veterans Memorial Collection, the National Park Service is proud to partner with the Vietnam Veterans Memorial Fund to make this remarkable collection available online and tell the stories not only the men and women who served and made the ultimate sacrifice, but those they left behind."

The collection of items left at The Wall tells of the families, the buddies, the friends, the onlookers – everyone impacted by the lives cut short by war. Themes of the collection include the camaraderie among soldiers, the ongoing suffering of those who served, the role of allies in the war, the impact of human sacrifice on families, the national dialogue on war and peace, and

the legacy of service which continues after Vietnam. The website will be updated with additional items as cataloging of the collection progresses. [Source: PRNewswire-USNewswire | Aug. 6, 2015 ++]

Vet Toxic Exposure ~ Lejeune Update ► VA Disability Status Review

The Department of Veterans Affairs announced 3 AUG it will begin reviewing the disability status of Marines who developed cancers and other conditions due to exposure to chemicals that contaminated the water at Camp Lejeune for more than 30 years. A statement from the VA said the move is in addition to the health care it provides for more than a dozen conditions to eligible veterans who were stationed at the North Carolina base for at least 30 days between August 1953 and December 1987. "Today's announcement is a testament to the good things that can happen when Congress and the VA work together in concert to overcome the agency's bureaucracy to ensure our nation's veterans are afforded the benefits and care they deserve when they are harmed while serving our great nation, whether it be through combat or environmental exposures," said Mike Partain, who was born at Camp Lejeune and who suffered from male breast cancer.

Sen. Richard Burr (R-NC) said in a separate statement that the VA will begin the process of granting presumptive disability status, meaning veterans who say they were affected by the water will get the benefit of the doubt as long as they meet eligibility requirements. "The scientific research is strong and the widespread denials of benefits will soon end," Burr said. "Now, these veterans and their families' members will not have to fight for benefits they are due." Documents show Marine leaders were slow to respond when tests first found evidence of contaminated ground water in the early 1980s. Some drinking water wells were closed in 1984 and 1985, after further testing confirmed contamination from leaking fuel tanks and an offbase dry cleaner. Health officials believe as many as 1 million people may have been exposed to tainted water.

In 2012, the U.S. House approved the Janey Ensminger Act, which provides health benefits to Marines and family members exposed to the contaminated drinking water at Camp Lejeune. The bill is named for the daughter of former Marine master sergeant who died from leukemia at age 9. "This is a culmination of 18 years of work for me," Jerry Ensminger said. "While this is not over by any means, this is a great step in the right direction." [Source: The Associated | August 3, 2015 ++]

Military Retirement Locations Update ► States Compete

Maryland Republican Gov. Larry Hogan roared into office this year ready to cut taxes, including exempting all military pensions from the state's income tax. Despite a budget deficit and having

to compromise with a Democratic legislature, he succeeded in doubling the exemption to \$10,000 in annual income. Connecticut, also facing a budget shortfall, increased taxes on its wealthiest corporations but found room in the budget to get rid of its income tax on military retirement pay, joining 14 other states that do not tax the pensions. Maryland and Connecticut are part of a growing competition among states wanting to attract and keep military retirees, who are some of the best-educated, best-trained and youngest retirees around. Active military members are generally eligible for retirement after 20 years of service. The majority then get civilian jobs, turning their military training into skills for the private sector. As a result, they pay income taxes, sales taxes on everything they buy, and possibly business taxes, boosting the economies of the states they live in.

Most veterans have lived in many places. Plenty of websites—with titles like Best Places for Military Retirees—can help them weigh the fiscal pros and cons of where they choose to live. While decisions on where to live might not be based only on tax rates, they're a factor—and states know it. Nine states have no income tax. Of the 41 that do, 14 of them—Alabama, Hawaii, Illinois, Iowa, Kansas, Louisiana, Massachusetts, Michigan, Mississippi, New Jersey, New York, Ohio, Pennsylvania and Wisconsin—exempt all military pensions from taxation, according to the National Conference of State Legislatures. Another 20 provide a partial exemption, as does the District of Columbia. Seven states—California, New Mexico, North Dakota, Rhode Island, Utah, Vermont and Virginia—provide no exemption.

“It’s a no-brainer,” said Rep. Bob Dettmer. The Republican chairman of the House Veterans Affairs Committee in Minnesota is fighting for tax-exempt military pensions. “Most of them [retired military vets] are in their 40s. They are going to buy homes, they are going to buy vehicles and buy groceries. They bring economic value to your state. The skills they have learned through 20-plus years in the military can be transferred into civilian jobs.” But David Brunori, deputy publisher of Tax Analysts, a specialty publication, says any tax exemption of retirement income is bad policy. “Exempting military pensions from tax is good politics—everyone loves veterans,” he said. “But it is not targeted [to low-income people]. Some veterans go on to make a lot of money in the private sector and end up pretty well off. There is no reason in the world to exempt their income from tax.”

Nationally, about 2.1 million military retirees are receiving pensions, according to the U.S. Department of Defense. Non-disabled military retirement pay is taxed by the federal government like any other income, unlike Social Security income, which is only taxed for higher-income earners, on a sliding scale. Only 13 states have a tax on Social Security income. While veterans are represented in every state, some states attract more than others.

- Maryland, home to the U.S. Naval Academy and many defense contractors, is one of them. Maryland had 54,641 military retirees in 2014, 51,195 of them got pensions, totaling \$1.5 billion annually or about \$29,140 a person, according to the Defense Department. Before the governor and the legislature acted this year, only the first \$5,000 of military retirement pay was exempt from the 60 state’s income tax. Under the

compromise reached with the legislature, the amount excluded from income tax doubled to \$10,000—not nearly the exemption Hogan wanted, but one his spokeswoman Shareese DeLeaver-Churchill called a “first step in a longer process of eliminating taxes on all retirement income in Maryland.” The state estimated the expanded exemption would cost \$2.7 million in fiscal 2016 and about \$3 million annually in subsequent years. Local taxes, which are tied to the state tax, would decrease by \$2 million annually.

- In Connecticut, Democratic Gov. Dannel Malloy and the legislature agreed to increase the exemption for military retirement pensions from 50 to 100 percent. That is estimated to cost the state’s treasury \$10 million over the next two fiscal years. The loss will be more than covered by an increase in business taxes expected to bring in \$1 billion. Rep. Matthew Lesser, chairman of the General Assembly Banking Committee, called the tax cut for military veterans popular. The only opposition came from those who questioned whether the state could afford it. It also put the state in a better position to compete for veterans with its neighbors—Massachusetts fully exempts military pensions and New Hampshire has no income tax.
- Rhode Island considered exempting military retirement pay, but instead chose to exempt Social Security payments for single recipients with up to \$80,000 in adjusted gross income and \$100,000 for joint filers, starting Jan. 1, 2016. The tax break will cost the state an estimated \$9.3 million in revenue in fiscal 2017. Democratic House Speaker Nicholas Mattiello called the tax break for Rhode Island retirees an effort to create a “friendly environment for our residents” and a “matter of fairness,” because Maine and Massachusetts don’t tax Social Security benefits. (All but 13 states provide some tax relief for Social Security income.) A proposal to also exempt military retirement pay from taxation proved to be too much, he said.
- In Minnesota, Dettmer’s effort to exempt military pensions from the income tax passed the Republican House this year but wasn’t approved in the Democratic Senate. He said Minnesota needs to provide the break to compete with its neighbors. “The states that border us don’t have that tax,” he said, “and I know a lot of retired military live just across the river in Wisconsin—and they work in Minnesota.”

[Source: PEW Charitable Trusts | Elaine S. Povich | August 10, 2015 ++]

Vet Health Care Savings ► HSA Program | President Signs Bill

President Barack Obama signed a bill 31 JUL after the Senate passed legislation that gives veterans and their families more freedom when saving for health care. The legislation passed by a vote of 91-4. The bill (S.1880) was introduced by Sen. Pat Roberts (R-KS) in the 113th Congress. Previously, an individual with a high deductible health plan and no other health plan was generally eligible to make tax deductible contributions to a health savings account (HSA). These HSA contributions were excludible from income and wages for employment tax purposes. However, under IRS guidance, veterans and their families were prohibited from

making and/or receiving contributions to an HSA for three months after receiving health care services through the Veterans Administration.

The Helping Veterans Save for Health Care Act H.R.2514 will ensure an individual with a service related disability is eligible to contribute to a health savings account while he or she is receiving care at the VA for any period of time. The HSA can be used to pay for the cost of health care for the veteran, veteran's spouse or children. "This bill makes a big difference in the lives of our service-connected, disabled veterans and their families," said retired Maj. Gen. Gus Hargett, the NGAUS president. "These people have given so much to our country; they deserve this small amount of extra consideration. We applaud and enthusiastically support this legislation." Similar legislation was approved by the House as part of H.R. 3262, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015. [Source: NGAUS Washington Report | August 04, 2015 ++]

Toxic Exposure Research ► Biological Children | H.R.1769 & S.901

The Toxic Exposure Research Act of 2015, (S. 901) sponsored by Sen. Jerry Moran (R-KS) and the bill is (H.R.1769) sponsored by Rep. Dan Benishek (R- MI) needs your support. Each bill is in the Veterans Affairs Committee of its respective body but we need to generate more support for a vote in each committee so they can go to the floor of the House and Senate for a final vote. The legislation directs the Department of Veterans Affairs (VA) to select a VA medical center to serve as the national center for research on the diagnosis and treatment of health conditions of the biological children, grandchildren, or great-grandchildren of individuals exposed to toxic substances while serving as members of the Armed Forces that are related to such exposure. Among the so-called invisible wounds of war are those brought home by troops that may not manifest for a decade or more. Tragically, they may pass on genetically to the offspring of our nation's warriors. If enacted into law, this bipartisan legislation would establish within the Department of Veterans Affairs a national center for the diagnosis and treatment of health conditions of the descendants of veterans exposed to toxic substances during service in the Armed Forces. Toxins, such as Agent Orange, have been shown to cause birth defects in the children of military personnel who came into contact with them, either during the Vietnam War, in the storage and transportation of those toxins, or by riding in aircraft that had been previously used to transport the toxins. For Gulf War veterans, the exposure was to chemical weapons that were in an Iraqi ammo dump that was blown up by U.S. Forces at the end of the Gulf War, to oil fires, and possibly to tainted vaccines. Veterans are asked contact the offices of their Senators and Representative and urge them to support this important legislation. [Source: TREA | News for the Enlisted | August 10, 2015++]

NDAA for 2016 Update ► Congress Faces Impossible Task in September

When Congress returns to work in September they face an impossible task in dealing with legislation that needs to be voted on. Senate Majority Leader Mitch McConnell (R-KY) said at the end of last week that the Senate will deal with the Iran agreement, a cybersecurity bill, and funding the government for the next fiscal year (which begins 1 OCT) when they return. Each of those things is controversial and will take significant time to deal with. That means the National Defense Authorization Act for FY 2016 will not be voted on until at least October. And rather than passing new appropriations bills for DoD, VA, and the rest of the federal government by 30 SEP, it is likely they will pass a “continuing resolution,” which will fund the government at last year’s levels for a certain period of time, thereby hoping to give themselves additional time to pass new appropriation bills for FY2016. [Source: TREA | News for the Enlisted | August 10, 2015 ++]

USS John Warner (SSN-785) ► Commissioned 1 AUG

The Navy welcomed its “most lethal weapon” to the fleet 1 AUG as the attack submarine John Warner was commissioned before a crowd of 2,500. The 12th Virginia-class attack submarine, the Warner marks some notable firsts. It is the first of its class to be home ported in Virginia, a fitting tribute to its namesake, a Virginian “who has dedicated his entire life to serving his country — in the Navy and the Marines, as secretary of the Navy, and 30 years in the Senate,” said Cmdr. Dan Caldwell, the attack sub’s skipper. Warner also is the first in class to be named for a person. The previous 11 were named after states, as is tradition for attack boats. But there are exceptions. The third and final Seawolf attack sub was named for former President Jimmy Carter, who was a bubblehead. Navy Secretary Ray Mabus in January announced plans to name a forthcoming Virginia-class boat after Adm. Hyman G. Rickover, the father of the nuclear Navy.

The submarine honors John Warner, who served as Navy secretary from May 4, 1972, to April 8, 1974, and in the U.S. Senate from 1979 to 2009. The 88-year-old Warner was also an enlisted sailor during World War II and a Marine captain during the Korean War. Of his many high-profile jobs, Warner told Navy Times, his first Navy promotion — to petty officer third class radio technician — was undoubtedly “the most important promotion I ever got.” Chief of Naval Operations Adm. Jon Greenert in his keynote address urged Warner’s crew to live up to the legacy of service laid down by the ship’s namesake. He called the attack sub “the most lethal weapon we have in our inventory,” and with good reason. At 337 feet and 7,800 tons, Warner and its fellow Virginia-class subs are longer but lighter than the Seawolf class. It can hit speeds greater than 25 knots, dive more than 800 feet, stay submerged for three months, and operate for 33 years without refueling. The \$2.5 billion sub can launch a dozen Tomahawk missiles from vertical launch system tubes (starting in 2019, Block V variants will include the Virginia Payload Module, which will add four launch tubes and 28 Tomahawks). Mark 48 advanced capability torpedoes are fired from four horizontal tubes. The torpedo room can quickly be reconfigured to launch unmanned undersea vehicles or a SEAL team. The space was fitted with 23 makeshift racks when Navy Times toured the sub on Aug. 1. The large lock-in/lock-out chamber allows deployment without the need to surface, and a fly-by-wire ship control system provides unmatched operation in littoral areas.

The traditional periscope has been replaced by photonic mast with high-resolution cameras and infrared sensors. By way of a handheld joystick, the operator can conduct 360-degree, high-definition scans from miles away. The image is displayed on large screens that plaster a tight command center. More than half a dozen sonar technicians sit in front of digital screens that line the port and starboard bulkheads; the pilot and co-pilot maintain their perch at the control room's forward edge. Warner is the second Block III variant, which is marked by the replacement of the traditional sonar sphere with the Large Aperture Bow array. This vastly improves passive detection. "Once you get it out there and really exercise the full capabilities of the ship, it is truly an amazing platform," said Caldwell, a 22-year sub vet.

Construction on the sub, whose motto is "On a Mission to Defend Freedom," began April 29, 2009. John Warner was christened Sept. 6, 2014, and launched into the James River four days later. It was delivered in late June, three months ahead of schedule. The sub will now return to sea for various tests and trials. The commissioning of John Warner brings the number of active attack subs to 54. [Source: NavyTimes | Lance M. Bacon & Mark D. Faram | August 5, 2015 | July 22, 2015 ++]

TRICARE Pharmacy Policy Update ► Prescription Refill Change

Beginning on 1 OCT, TRICARE beneficiaries will have to obtain refills for certain drug prescriptions through the mail, or at military treatment facilities, according to a new interim final rule from the Defense Department. The new policy affects refills of non-generic prescription "maintenance medications," or drugs that people take on a regular basis for chronic conditions, such as high cholesterol or blood pressure. The change does not apply to medications for sudden infections or illnesses. The head of the Defense Health Agency will maintain and update a list of covered medications, available online or by telephone, and agency will contact eligible beneficiaries about the change, stated the rule, published on 6 AUG in the Federal Register <https://www.federalregister.gov/articles/2015/08/06/2015-19196/civilian-health-and-medical-program-of-the-uniformed-services-champustricare-refills-of-maintenance>.

The change, mandated by the 2015 National Defense Authorization Act, aims to save money for the department and TRICARE enrollees by avoiding the higher drug co-payments associated with many prescriptions medications in retail pharmacies. The department estimated that the change will save the government roughly \$88 million annually, while TRICARE beneficiaries will save about \$16.5 million per year because of cheaper co-payments. "On average, the government pays 32 percent less for brand name maintenance medication prescriptions filled in the mail order program or military treatment facility pharmacies than through the retail program," the interim rule said. Not all prescriptions refilled through the retail program are maintenance medications, Defense noted, but nevertheless there is "potential for significant savings" by shifting a portion of those TRICARE refills out of retail. In fiscal 2014, 61 million

prescriptions for TRICARE beneficiaries were filled through retail pharmacies at a cost of \$5.1 billion to the government.

TRICARE beneficiaries can save \$44 on a 90-day supply of brand name drugs by obtaining them through the mail rather than retail pharmacies. The cost through the mail for a 90-day supply of non-generic drugs is \$16 versus \$20 for a 30-day supply in retail pharmacies. There are no co-payments on drugs obtained at military treatment facilities. For a comparison of prescription drug costs for TRICARE beneficiaries through mail, military treatment facilities, and retail pharmacies go to <http://www.tricare.mil/pharmacycosts>. In addition to exemptions to the new policy for prescription drugs for acute needs and those covered by other health insurance, other waivers will be granted in “several circumstances,” the rule said. For instance, “there is a case-by-case waiver to permit prescription maintenance medication refills at a retail pharmacy when necessary due to personal need or hardship, emergency, or other special circumstance, for example, for nursing home residents.”

TRICARE prescription drug co-payments reportedly have emerged as a major sticking point in negotiations between House and Senate conferees over the fiscal 2016 Defense authorization legislation. The Senate version of the bill includes provisions that would increase co-payments for certain prescription drugs, while the House bill did not include the hikes. On 1 FEB, co-pays for many prescription drugs at retail pharmacies increased by \$3. If Congress settles on an increase for fiscal 2016, it will be the third such price hike for TRICARE beneficiaries in the last four years. [Source: GovExec.com | Kellie Lunney | August 10, 2015 ++]