

UPDATE FOR SPOUSES AND SURVIVING SPOUSES - January/February 2018

TIME-SENSITIVE ISSUE:

I am scheduled to testify on HB 502, at the invitation of one of the bill sponsors, Del. Jheanelle Wilkins (Montgomery County). The Bill, if passed, will correct an important omission in current law, which does not include Surviving Spouses of Uniformed Services retirees to benefit from the State's Property Tax Credit. The law has been approved and was implemented in 2017 in my county, and is progressing toward approval in several other areas of the State. In brief, citizens over the age of 65 who have lived in the same home for 40 years or more **OR Uniformed Services retirees** over 65 (without any length of residency requirements) may be granted a 20% (twenty percent) **Property Tax Credit** by the counties of residents (or real property taxing jurisdiction) and it may be granted for up to five (5) years. The law does not include Surviving Spouses at present. Del. Wilkins and Del. Ali have taken legislative action to correct that situation. Please join me in Annapolis this coming Tuesday, February 6th, at 1:00 PM for the House Ways and Means Committee Hearing (Room 130, House Office Building). I will be testifying on HB 502, and so will Harvey (on behalf of the Maryland MOAA). Do let me know if you'll be able to attend!

THE GOVERNOR'S TAX BILLS:

IMPORTANT: Our Chapter Presidents are sharing (a) guidance on contacting your Delegates and Senators plus (b) information on the upcoming hearings on Governor Hogan's income tax bills--to eliminate all Maryland Income Tax on all retired pay of Uniformed Services members of our seven Uniformed Services AND all those surviving spouses receiving Survivor Benefit Plan (SBP) monthly payments from the Federal Government. The hearings are scheduled on HB 362 in the House of Delegates Ways and Means Committee and on SB 312 in the Senate Budget and Taxation Committee. Both hearings conveniently are scheduled on the same day, Wednesday, 21 February 2018. The times for those sessions in both houses will be shared, when known, by your Chapter President. This is truly important economically for Maryland as well as its Veterans community!

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1. Tax Deal Passes - The Tax Cuts and Jobs Act passed both chambers after House officials decided only a simple majority vote was required. President Trump signed the bill into law. Moving and storage expenses deductions, benefiting from tax-preferred gains on the sale of a home, and the repeal of the work opportunity tax credit (WOTC) were dropped from the bill. The number of veterans who benefited from the Bill from 2013-2015 increased by almost 700%.

The medical deduction floor will be decreased from 10% of adjusted gross income to 7.5% for 2017 and 2018. After that, it will return to the 10% floor. A Joint Committee on Taxation (JCT) score of the legislation prior to conference committee suggested the deficit likely would increase by more than a trillion dollars.

Supporters of the legislation suggest the increase of the standard deduction to \$12,000 for individuals and \$24,000 for those married filing jointly will more than cover the loss of the benefit of itemizing some of the deductions. In other words, many won't have to go to the trouble of itemizing their deductions--and will very likely save money in taxes.

Alimony payments will no longer be deductible for the payer spouse, but will remain as tax-free income for the recipient. This only applies to divorce or separation instruments executed after December 31, 2018.

The bill reduces the limit on deductible mortgage debt to \$750,000 for new purchases and refinancing entered into after December 15, 2017, and repeals deduction of interest paid on home equity debt, through 2025.

2. Visitors at Joint Base Andrews (formerly Andrews Air Force Base). The Visitors Control Center (VCC) controls entry to Joint Base Andrews by checking identification and vetting an individual's background to determine the necessity for Base access. Starting this month (February 2018), the VCC

will no longer be open on Saturdays. The Center's future operation hours will be from 0600-1900, Monday thru Friday only. The VCC will be closed on weekends, Federal holidays, and Family Days of the Air Force District of Washington/11th Wing. [I suggest that you make certain you have you appropriate identification, such as your proper Federal ID card, if you plan to visit the AAFES Store, the Commissary, the Club, or have a business meeting, etc., especially at times when the VCC is not open.]

3. Key Policy 2018 decisions - There are 3 key policy decisions which may affect some of us: (a) unchanged Basic Allowance for Housing calculation (BAH), (b) TRICARE matters, and (c) Lessons regarding the "Widows Tax."

BAH (Basic Allowance for Housing) is a part of each individual servicemember's earned compensation, an issue which MOAA has worked diligently with Congress to maintain.

TRICARE participants will still be allowed to obtain medications at military pharmacies for free. There will be, however, a steady increase in pharmacy copayments across all medication tiers. This increase in cost will save DoD more than \$1 billion by 2022 and is expected to fund the Special Survivor Indemnity Allowance (SSIA) and improvements in military readiness. The new fees will include mail-order generic prescriptions. Most of the increases will be through the retail pharmacy sector. The new costs are explained in detail below; see item #7.

Congress included a provision in the FY 2018 National Defense Authorization Act (NDAA) that provides a permanent extension to the Social Security Indemnity Act. Without congressional action, 67,000 military survivors would lose \$2,100 in 2018 if the allowance had been allowed to expire in May of this year--and over \$3,700 a year thereafter. Congress is extending the SSIA and indexing future increase to COLA. Next year MOAA plans to go to Congress and ask that it increase SSIA above COLA to further reduce the widows' tax over a period of years. [I expect this will be an issue that MOAA addresses with our members of Congress when we "Storm the Hill" on the 18th of April. I plan to be there!]

4. Spouse License Portability. MOAA leaders commissioned a report, conducted by the University of Minnesota and released in November 2017, which studied cosmetology, dental hygiene, massage therapy, occupational therapy, counseling, and real estate commissions/licensure. They found that some legislation had greater impact because of its use of the word, "shall," while other legislation used the word "may." This wording makes eligibility for license endorsement somewhat permissive and quite ambiguous. Examples of recommendations for how a state can make a more positive impact on military spouse employment are:

(a) increase prominence of information on websites about accommodations for military spouses,

(b) identify a staff member who can act as the point of contact for military spouses,

(c) include an opportunity for military spouses to self-identify on applications for transfer of a license, and

(d) increase accommodations for continuing education.

5. Innovations for the Military Health System - Upgrades to the Military Health System include the MHS GENESIS. Launched in February, it creates a single electronic health record for each of the 9.4 million military DoD beneficiaries. It is the first upgrade to the military health documentation in many years and is expected to be used in all military clinics and hospitals by 2022. In addition:

(a) The Navy's Bureau of Medicine (BuMED) is working on a tinted lens that can block out the blue light which interferes with sleep by interfering with the brain's production of melatonin. Melatonin is the hormone that makes people sleepy. The blue light from electronic devices--including computers, tablets, cellphones, and overhead lighting can keep people from sleeping. Sleep deprivation is a well-documented issue for service members and, therefore, this type of lens can prove extremely valuable.

(b) Osseointegration is a process that attaches the prosthesis directly to the skeleton and can improve the comfort and mobility for qualified patients with amputations.

(c) The osseointegration clinical trial at Walter Reed National Military Medical Center (WRNMMC) in Bethesda, MD, is the first of its kind in the United States.

6. Application Fee Waiver. The University of Maryland has waived the undergraduate college application fee to U.S. Veterans and members of the Armed Forces. This waiver will be available for the 2019-2020 academic year that commences this coming August. Driven by the Coalition for Access, Affordability, and Success, of which the University of Maryland is a member, the initiative will allow Veterans and current Service members to apply for free through the Coalition's on-line application.

7. Express Scripts Now Has Copay for Generics. Beginning February 1st, TRICARE pharmacy copayments changed for all beneficiaries, except for Active Duty Service Members (ADSM's), dependent survivors of ADSMs, and medically retired service members and their dependents. The changes were required by Federal law, under the National Defense Authorization Act (NDAA) for FY 2018. Copayments for generic drugs, brand name drugs, and non-formulary drugs increase across the retail and home delivery points of service. Beneficiaries, of course, still have the option of getting brand name and generic drugs without any copayment at military pharmacies. [**Note:** Formulary drugs are those approved to be stocked and available in one's local military hospital or clinic pharmacy. Although there are some exceptions, non-formulary drugs generally are only available through home delivery and require prior authorization and/or medical necessity.]

Here are the Retail Network Pharmacy Copayment Changes (up to 30-day supply):

Generic formulary drugs are now \$11 (increased from \$10).

Brand-name formulary drugs are now \$28 (increased from \$24).

Non-formulary drugs are now \$53 (increased from \$50). Reminder: These are generally only available through home delivery.

Here are the TRICARE Pharmacy Home Delivery Copayment Changes (up to a 90-day supply):

Generic formulary drugs are now \$7. (In the past, there was no copayment charge for these.)

Brand-name formulary drugs are now \$24 (increased from \$20).

Non-formulary drugs are now \$53 (increased from \$49).

Military Treatment Facility (MTF) Pharmacy Copayment Changes:

Beneficiaries still can fill their prescriptions without any copayment charges at MTF pharmacies. There are many of them within the State of Maryland--and nearby across the Maryland line (e.g., Carlisle Barracks, several location in DC, Fort Myer, etc.). You can save many dollars in copayments if you plan your prescription pick-ups at these medical facilities. Reordering can be accomplished at most locations either on-line or by telephone (dialing in and entering prescription numbers on the keypad).

You may be interested that Active Duty Service Members can get their prescriptions filled from any pharmacy without cost.

Special note: Copayments are remaining the same as the 2017 rates for (a) dependent survivors of ADSMs and (2) medically retired service members and their dependents.

8. TRICARE Users Overcharged. Many TRICARE users were overcharged for drugs in early January 2018, because the system's pharmacy contractor misunderstood a series of system changes. These users will be sent refunds by mail during the current month (February 2018). About 35,000 users are affected, but do not need to take any individual action. TRICARE Select, a combination of TRICARE Standard and TRICARE Extra, began January 1st. Users must pay the \$150 per individual for health care prescription copays and in-network pharmacies are included in the deductible.

9. Vision and Dental Care. The current retiree plan will be ended and retired families will soon be eligible to purchase both vision and dental coverage through the Federal Employees Dental and Vision

Insurance Program. Active duty families can purchase only vision insurance. They will remain in the TRICARE Dental Program. [Note: I understand that Delta Dental of California will remain the company servicing our geographic area with dental care for Uniformed Services retiree families; more information will follow as soon as I have it.]

10. Off-Installation Urgent Care Facility Use. Service members and their families on TRICARE Prime do not need a referral from the Primary Care Doctor or Manager to visit urgent care facilities.

11. Mental Health Coverage. President Trump signed an Executive Order to expand mental health coverage.. This will target high risk Service member transitioning out of the military or making a permanent change of station. He hopes this will help decrease the suicide rate within the Veteran community.

12. Federal Veterans Affairs Motto. Over the past 60 years, the motto of the U.S. Department of Veterans Affairs did not include women service members. Existing Motto: "To care for him who shall have borne the battle and for his widow and orphan." --Abraham Lincoln. The Department of the Army Center for Women Veterans declared that it has now begun to consider a more "inclusive version of the motto."

Have fun and enjoy!

**Naomi M. Kaplan
Spouse and Surviving Spouse Liaison
MOAA Maryland Council**