

WHITE PAPER

The Healthcare Savings & OCONUS Equity Act

A Voluntary Medicare Suspension Framework for Americans Residing Overseas

TO: American Citizens Abroad

FROM: Gregory P. Simon, USAF (Ret.)

SUBJECT: Ending a hidden tax on Americans abroad — and a coverage choice for overseas military retirees

I. Executive Summary

About 9 million Americans living overseas (OCONUS) must pay Medicare Part B premiums of \$2,100–\$4,500 a year for coverage that has no provider network, no legal standing, and no usable value where they live. Stop paying, and a permanent 10% annual late-enrollment penalty applies on return to the U.S. The Treasury, meanwhile, subsidizes roughly 75% of every premium — about \$6,300 per person per year — for a benefit that delivers zero service abroad.

This Act creates a voluntary Part B suspension for Americans who carry creditable overseas coverage, a guaranteed Special Enrollment Period on repatriation, and — for military retirees — a Choice Provision that preserves military healthcare without forcing them to buy Medicare they cannot use. Estimated Treasury savings: \$3.15 billion per year.

II. The Problem — Three Populations

- **Private-sector & federal civil-service retirees abroad.** Pay out of fear of the penalty for coverage they cannot use; the Treasury subsidizes ~\$6,300 per person for zero service.
- **Spouses who turn 65 OCONUS.** Must enroll to keep secondary coverage (FEHB, TFL, or private), doubling household dead-weight cost to about \$9,000 a year for zero local value.
- **Military retirees on TRICARE For Life.** Forced to pay Part B solely to keep TFL, though Medicare pays \$0 for OCONUS care — and today, losing Part B means losing TFL entirely. The Choice Provision in Section IV supplies the missing alternative.

III. The Framework — Three Pillars

- **Pillar 1 — Voluntary Suspension.** Any Medicare-eligible American residing OCONUS more than 180 days a year may suspend Part B without penalty, on proof of creditable coverage (a host-nation system such as Italy's SSN, or qualifying private international insurance).
- **Pillar 2 — OCONUS Special Enrollment Period.** A guaranteed 90-day SEP on return to U.S. soil, modeled on the existing Peace Corps provision. A pause, not a withdrawal — reversible the moment one repatriates.
- **Pillar 3 — Treasury Savings.** A conservative 500,000 suspensions × ~\$6,300 = ~\$3.15 billion saved per year. Savings recapture, not new spending — and no new taxes.

IV. The OCONUS Retiree Choice Provision

For military retirees whose healthcare currently depends on Medicare Part B, the Act establishes a choice rather than a compulsion:

1. **The Waiver.** A military retiree permanently residing OCONUS is exempt from the mandatory Medicare Part B enrollment otherwise required to maintain military healthcare — no longer forced to buy coverage they cannot use abroad.
2. **Late-Enrollment Protection.** On permanent return to the United States, OCONUS residency is treated as a Special Enrollment Period, allowing the retiree to activate Part B with zero late-enrollment penalty.
3. **The Option.** In lieu of TRICARE For Life, the retiree is enrolled in TRICARE Select Overseas at the standard enrollment fee — roughly \$300–\$400 a year for an individual (about \$25 a month). They may use military treatment facilities (MTFs) on a space-available basis and, crucially, are fully covered for civilian care on the local Italian or European economy.

Net effect: the retiree drops a \$2,100–\$4,500 premium for coverage they cannot use, keeps military healthcare and MTF access, and gains real, locally usable coverage — at a fraction of the cost.

V. Why It Passes

- **For the fiscal hawk.** It cuts billions in subsidies for a benefit delivering 0% service OCONUS — the elimination of documented waste, not new spending.
- **For the expat advocate.** It removes a lifetime 10% penalty on the legal choice to live abroad, for those who carry creditable coverage in their country of residence.
- **For the veteran and military advocate.** It ends a forced premium and restores genuine, locally usable coverage and medical coordination — a benefit restoration through smarter design, not a cut.
- **For the constitutionalist.** Lawful choices — including residing abroad — should not carry permanent financial punishment.

VI. Conclusion

“One size fits all” healthcare is a relic of 1965. This Act lets Americans abroad manage their care responsibly through host-nation systems, gives overseas military retirees a real choice instead of a forced premium, and saves the Treasury roughly \$3.15 billion a year in the process. I am available for a video call at any time to brief your policy team.

Respectfully submitted,

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