

CHARTER

DEPARTMENT OF DEFENSE MEDICARE-ELIGIBLE RETIREE HEALTH CARE BOARD OF ACTUARIES

OFFICIAL DESIGNATION: The Advisory Committee shall be known as the Department of Defense Medicare-Eligible Retiree Health Care Board of Actuaries (10 U.S.C. 1114).

OBJECTIVES AND SCOPE OF ACTIVITIES: The Department of Defense Medicare-Eligible Retiree Health Care Board of Actuaries (hereinafter referred to as the “Board”) shall make all actuarial determinations necessary to sustain the Department of Defense Medicare-Eligible Retiree Health Care Fund (hereinafter referred to as the “Fund”) for the accumulation of funds in order to finance, on an actuarially sound basis, liabilities of the Department of Defense under uniformed services retiree health care programs for Medicare-eligible beneficiaries.

COMPOSITION OF THE BOARD: As specified by 10 U.S.C. 1114, the Board shall consist of three members who shall be appointed by the Secretary of Defense from among qualified professional actuaries who are members of the Society of Actuaries. A member of the Board may be removed by the Secretary of Defense for misconduct or failure to perform functions vested in the Board, and for no other reason.

The members of the Board shall serve for a term of 15 years, except that a member of the Board appointed to fill a vacancy occurring before the end of the term for which the predecessor was appointed shall serve only until the end of such term. A member may serve after the end of the term until a successor has taken office. Original appointments to the Board shall be for terms of five, ten, and fifteen years, respectively, after the date of appointment, as designated by the Secretary of Defense. Other than a member originally appointed for less than a 15-year term or a member appointed to fill an unexpired term, a member of the Board may not be reappointed for successive terms.

Advisors to the Board will be provided from the Department of Defense to assist in execution of the Board duties. The Department of Defense Chief Actuary is designated as the Executive Secretary and an advisor for the Board. One official advisor to the Board will be designated by each of the following individuals to advise and assist the Board: the Under Secretary of Defense (Comptroller), the Assistant Secretary of Defense (Health Affairs), the Assistant Secretary of Defense (Reserve Affairs), and the DoD General Counsel. The designated Executive Secretary and advisors to the Board are not members of the Board.

OFFICIAL TO WHOM THE COMMITTEE REPORTS: The Board is an independent activity which provides advice and recommendations to the Secretary of Defense.

MISSION AND DUTIES: The mission of the Board is to assist and advise the Secretary of Defense on actuarial matters associated with the Fund.

The Board shall:

- Approve all methods and assumptions (including assumptions of interest rates and medical inflation) used for determinations of contributions and payments to the Fund in accordance with generally accepted actuarial principles and practices (10 U.S.C. 1115 and 1116);
- Report annually to the Secretary of Defense on the actuarial status of the Fund (10 U.S.C. 1114(b));
- Furnish advice and opinion on matters referred by the Secretary of Defense (10 U.S.C. 1114(b));
- Review valuations of the Fund conducted under the provisions of 10 U.S.C. 1115(c);
- Report periodically, not less than once every four years, to the President and the Congress on the status of the Fund (10 U.S.C. 1114(c));
- Include in the periodic reports recommendations for such changes as in the Board's judgment are necessary to protect the public interest and maintain the Fund on a sound actuarial basis (10 U.S.C. 1114(c));
- Determine amortization schedules for the liquidation of unfunded liabilities (10 U.S.C. 1115(a));
- Advise the Secretary of Defense, in sufficient time for inclusion in the budget, on the single level dollar amount (using the aggregate entry-age normal cost method) necessary to fund future accruing Medicare-eligible retiree health care liabilities of the Fund for full-time and part-time personnel;
- Advise the Secretary of Defense annually, but not later than September 30 of each year, on the amount of the payment from the General Fund of the Treasury for the next fiscal year under the amortization schedule for the total unfunded liability of the Fund; and
- Advise the Secretary of Defense on all actuarial matters necessary to make determinations in order to finance liabilities of the Fund on an actuarially sound basis.

AGENCY RESPONSIBLE FOR PROVIDING SUPPORT: Technical guidance and assistance shall be provided to the Board primarily by the DoD Office of the Actuary within the Office of the DUSD(P&R)(PI). Additional technical assistance will be provided by the offices of: the USD (Comptroller) through the Deputy Comptroller (Program/Budget), the Assistant Secretary of Defense (Health Affairs), the Assistant Secretary of Defense (Reserve Affairs), and the DoD General Counsel.

Personnel, facilities, record-keeping, and administrative support necessary for the performance of the Board's duties shall be provided by the USD(P&R) through the DUSD(P&R)(PI).

Information and assistance to support the Board in the execution of its duties may be required and shall be provided from other offices within the Office of the Secretary of Defense, the Military Departments, and the Defense Agencies.

PERIOD OF TIME NECESSARY FOR THE COMMITTEE TO CARRY OUT ITS OBJECTIVES: Indefinite.

NUMBER AND FREQUENCY OF BOARD MEETINGS: A minimum of one formal meeting shall be held annually. A quorum shall consist of the presence of a majority of the members plus two advisors to the Board. Meetings shall be held at the call of the President, the Secretary of Defense, the Chairperson of the Board, or at the written request of a majority of the Board.

ANNUAL OPERATING COSTS AND WORKYEARS: It is estimated that the annual recurring operating costs for the Board will not exceed \$65,000 and one-third work year. (10 U.S.C. 1114(a)(3)).

TERMINATION DATE: The Board is established as a permanent independent activity under the authority of section 1114, title 10, U.S.C. Termination will occur only upon repeal of or amendment to the statutory authority.

COMPLIANCE: The Board shall comply with the requirements of chapter 56, title 10, U.S.C. ("Department of Defense Medicare-Eligible Retiree Health Care Fund"), the Federal Advisory Committee Act (5 U.S.C. App 2), DoDD 5105.18 ("Department of Defense Committee Management Program"), and other applicable directives and regulations.

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