



NATIONAL ASSOCIATION OF  
CHAIN DRUG STORES



June 7, 2016

The Honorable Mac Thornberry  
Chairman  
Committee on Armed Services  
United States House of Representatives  
Washington, DC 20515-6035

The Honorable Adam Smith  
Ranking Member  
Committee on Armed Services  
United States House of Representatives  
Washington, DC 20515-6035

Dear Chairman Thornberry and Ranking Member Smith:

Our organizations, the National Community Pharmacists Association (NCPA) and the National Association of Chain Drug Stores (NACDS), are writing today to express our support for a provision in the House version of the FY2017 National Defense Authorization Act (NDAA) that would implement a pilot program to improve access to prescription medications for TRICARE beneficiaries while reducing costs for the Department of Defense (DoD). In total, we represent the interests of all community pharmacies within the United States. It is critically important that both small business and chain pharmacies continue to have the ability to provide TRICARE beneficiaries with accessible, high quality health care while lowering program costs.

NCPA represents the interests of America's community pharmacists, including the owners of nearly 23,000 independent community pharmacies. Together they represent an \$88.8 billion health care marketplace, dispense nearly 40% of all retail prescriptions, and employ more than 300,000 individuals, including over 62,000 pharmacists.

NACDS represents traditional drug stores and supermarkets and mass merchants with pharmacies. Chains operate more than 40,000 pharmacies, employing more than 3.2 million individuals, including 179,000 pharmacists. They fill over 2.9 billion prescriptions yearly and help patients use medicines correctly and safely, while offering innovative services that improve patient health and health care affordability.

As the FY2017 NDAA is considered it is important that any changes to reduce TRICARE costs are done without jeopardizing the health and access of the more than nine million beneficiaries, including nearly two million children, relying on the TRICARE program. Significant changes in prescription drug cost sharing for TRICARE beneficiaries have already been implemented in recent years and are placing even greater financial burdens on TRICARE beneficiaries, increasing medical-related program costs, and jeopardizing beneficiary health through decreased medication adherence.

We believe maintaining access and patient's choice, while reducing program costs, can be achieved through a pilot program testing acquisition cost parity for prescription drugs dispensed through retail pharmacies. The DoD currently purchases medications that are dispensed at mail order and military treatment facilities (MTFs) at a cost that is currently not made available for prescriptions dispensed by pharmacies in the retail setting. Under the pilot, the DoD will

purchase prescription drugs that are dispensed by any retail pharmacy participating in the TRICARE pharmacy network, including small business pharmacies, to retired TRICARE beneficiaries who are not Medicare eligible at the lowest price available to the Department.

The pilot will increase TRICARE's access to the 32 percent average cost difference for brand name maintenance medication prescriptions currently only available for prescriptions filled through mail and MTFs. The pilot program will also lower the administrative cost of dispensing all prescriptions. It is believed that the current administrative fees for prescriptions filled through mail order may be as much as three to four times higher than the retail setting. The pilot will reduce the costs associated with administrative fees by allowing beneficiaries to obtain their prescriptions at more cost-effective retail pharmacies and also help small businesses contribute back to their local economies.

Not only will acquisition cost parity for retail prescriptions achieve cost savings but it will also preserve freedom of choice for TRICARE beneficiaries, improve access by utilizing both chain and small business pharmacies in urban and rural areas, and provide a uniform and consistent pharmacy benefit with less confusion on where to fill prescriptions. This will ultimately lead to improved beneficiary health through a local relationship with their hometown pharmacist.

We support sensible cost savings initiatives. Thus, we thank you for your efforts to reduce program costs while protecting the health of TRICARE beneficiaries by including a pilot program to test acquisition cost parity for prescription drugs dispensed by community pharmacies in the FY2017 NDAA.

Sincerely,

National Association of Chain Drug Stores  
National Community Pharmacists Association

cc: Members of the House Committee on Armed Services  
Members of the Senate Committee on Armed Services