



NATIONAL ASSOCIATION OF  
CHAIN DRUG STORES

Statement  
Of  
The National Association of Chain Drug Stores  
For  
U.S. Senate Committee  
On Armed Services  
Personnel Subcommittee  
Hearing on  
FY2014 Budget  
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Russell Senate Office Building

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## ***Introduction***

The National Association of Chain Drug Stores (NACDS) thanks the Subcommittee for the opportunity to submit a statement for today's hearing on the President's FY2014 Budget.

NACDS represents traditional drug stores, supermarkets, and mass merchants with pharmacies – from regional chains with four stores to national companies. Chains operate more than 41,000 pharmacies and employ more than 3.8 million employees, including 132,000 pharmacists. They fill over 2.7 billion prescriptions annually, which is more than 72 percent of annual prescriptions in the United States.

## ***Community Pharmacies are the Most Readily Accessible Healthcare Providers***

Ninety-two percent of Americans live within five miles of a community pharmacy, making pharmacies among the most accessible healthcare providers. Local pharmacists play a key role in helping patients to take their medications as prescribed and offer a variety of pharmacist-delivered services to improve health quality and outcomes. With preventive immunizations and appropriate medication use, it is possible to reduce utilization of costly medical services such as emergency room visits and unnecessary physician visits. The proximity of community pharmacies to each and every American and pharmacists' exceptional knowledge and training renders pharmacies uniquely positioned to provide care for the American public.

## ***Pharmacist-Administered Vaccinations Improve Public Health***

Increasingly, local pharmacies are not only a reliable, convenient source for obtaining prescription drugs, but also a healthcare destination. For example, retail network

pharmacies now provide vaccinations to TRICARE beneficiaries. Recognizing the cost effectiveness of pharmacist-provided vaccinations, the Department of Defense (DoD) authorizes TRICARE beneficiaries to obtain vaccinations at a retail network pharmacy for a \$0 co-payment. In its final rule expanding the authority of retail pharmacies to provide vaccinations, DoD estimated that in the first six month of the immunization program, it had saved over \$1.5 million by having vaccinations provided through the pharmacy rather than the medical benefit (*Federal Register*, Vol. 76, No. 134, p. 41064). This cost savings did not take into consideration the savings from medical costs that would have been incurred in treating influenza and other illnesses, if TRICARE beneficiaries had not been vaccinated. In addition, DoD also noted in the final rule that “adding immunizations to the pharmacy benefits program is an important public health initiative for TRICARE, making immunizations more readily available to beneficiaries. It is especially important as part of the Nation’s public health preparations for a potential pandemic, such as was threatened last fall and winter by a novel H1N1 virus strain. Ensuring that TRICARE beneficiaries have ready access to vaccine supplies allocated to private sector pharmacies will facilitate making vaccines appropriately available to high risk groups of TRICARE beneficiaries” (*Federal Register*, Vol. 76, No. 134, p. 41063).

### ***Medication Therapy Management Improves Health Outcomes and Reduces Spending***

Medication Therapy Management (MTM) is a distinct service or group of services that optimize therapeutic outcomes of medications for individuals based on their unique needs. MTM services increase medication adherence, enhance communication and collaboration among providers and patients, optimize medication use, and reduce overall healthcare costs. Increasingly, MTM services provided face-to-face by retail pharmacists is proving to be the most effective intervention. For example, a recent study published in the January 2012 edition of *Health Affairs* demonstrated the key role retail pharmacies play in providing MTM services to patients with diabetes. The study found that a pharmacy-based intervention program increased patient adherence and that the benefits were greater for those who received counseling in a retail, face-to-face setting as opposed

to a phone call from a mail order pharmacist. The study also suggested that an integrated, pharmacy-based program, including interventions such as in-person, face-to-face interactions between the retail pharmacist and the patient, contributed to improved behavior with a return on investment of 3 to 1.

A recent report by the Centers for Medicare & Medicaid Services (CMS) found that Medicare Part D beneficiaries with congestive heart failure and COPD who were newly enrolled in the Part D MTM program experienced increased medication adherence and discontinuation of high-risk medications. The report also found that monthly prescription drug costs for these beneficiaries were lowered by approximately \$4 to \$6 per month and that they had nearly \$400 to \$500 lower overall hospitalization costs than those who did not participate in the Part D MTM program. NACDS is confident that the TRICARE program could achieve similar results with an effective MTM program utilizing local pharmacists.

### ***Preserving Patient Access and Choice in the TRICARE Program***

NACDS is opposed to the proposal in the President's Budget to make further changes to pharmacy co-payments and other policies that would further drive TRICARE beneficiaries out of their local pharmacies and to the TRICARE Mail Order Pharmacy (TMOP). There are already strong incentives in place to encourage beneficiaries to use mail order, as a result of provisions in the FY2013 National Defense Authorization Act. Nevertheless, the President's Budget includes additional changes. In most cases, TRICARE beneficiaries would be unable to obtain non-formulary medications at their local pharmacy. Furthermore, cost sharing will increase to as much as \$34 for a 30-day supply of a formulary medication at retail, and as much as \$66 for a 90-day supply of a non-formulary medication at TMOP.

In addition to unfairly penalizing TRICARE beneficiaries who prefer to use local pharmacies, NACDS believes this proposal is penny wise and pound foolish. Failure to take medications as prescribed, costs the U.S. health system \$290 billion annually, or 13

percent of total health expenditures, as estimated by the New England Healthcare Institute in 2009. Threatening beneficiary access to prescription medications and their preferred healthcare provider will only increase the use of more costly medical interventions, such as physician and emergency room visits and hospitalizations.

NACDS supports cost savings initiatives that preserve patient choice. For example, the utilization of generic medications by TRICARE beneficiaries is low in comparison with other plans. The generic dispensing rate at retail pharmacies – 78 percent in 2012 – is higher than any other practice setting. Partnering with local pharmacists, modest increases in generic utilization by TRICARE beneficiaries would have a dramatic impact on the DoD budget.

### ***Conclusion***

Thank you for the opportunity to share our views. We look forward to working with you on policies that control costs and preserve access to local pharmacies.