



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES



June 29, 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

The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510-6050

The Honorable Jack Reed
Ranking Member
Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Chairman Thornberry, Ranking Member Smith, Chairman McCain and Ranking Member Reed:

Our organizations, the National Community Pharmacists Association (NCPA) and the National Association of Chain Drug Stores (NACDS), are writing today to express our views and recommendations related to the House/Senate conference on the FY2017 National Defense Authorization Act (NDAA) and the inclusion of a provision in the Senate version that would increase pharmacy copayments for TRICARE beneficiaries.

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.

In total, we represent the interests of all community pharmacies within the United States. Our members provide vital pharmacy and related counseling services as well as provide immunizations to the nation's TRICARE beneficiaries, and are among the most accessible health care resources within their communities.

As the FY2017 NDAA is considered in conference, we urge the conferees to protect TRICARE beneficiary access to prescription medications by adopting the House position which does not include an increase in pharmacy copayments. The proposed increases included in the Senate version would double, and in some cases nearly triple, the amount of money a TRICARE beneficiary would be required to pay out-of-pocket to get their prescriptions filled.

TRICARE beneficiaries are concerned about being able to access the services they need. Last year, the Military Compensation and Retirement Modernization Commission (Commission) released its long-awaited report and recommendations. The Commission highlighted the

importance of beneficiary choice and access and strongly recommended policies that maintain both of those critical aspects of the military health care system.

Despite these concerns, significant changes in prescription drug cost sharing for TRICARE beneficiaries have already been implemented in recent years. Most recently, both the FY2015 and FY2016 NDAA's included copay increases for TRICARE beneficiaries in the retail setting. The FY2015 NDAA also contained additional changes to drive TRICARE beneficiaries out of local pharmacies by requiring the use of mail order for non-formulary medications and requiring refills of non-generic prescription maintenance medications through military treatment facility pharmacies or mail order.

Further copay increases place even greater financial burdens on TRICARE beneficiaries and unfairly penalize TRICARE beneficiaries who prefer to use local pharmacies. Additionally, restricting beneficiary access and raising copay amounts can have the unintended effect of reducing medication adherence, resulting in decreased health outcomes and increased use of more costly medical interventions, such as physician and emergency room visits, and hospitalizations. These additional costs are often shifted to other federal programs. In reviewing proposed NDAA increases in prescription copays for TRICARE beneficiaries, the Congressional Budget Office (CBO) found:

Thus, while the higher copayments may deter some beneficiaries from filling prescriptions they no longer need or use, those higher copayments also could cause some chronically ill beneficiaries to stop taking their medications, resulting in more doctor visits and hospitalizations.

For example, in reviewing the Senate version of the FY2016 NDAA, the CBO found that copay increases would result in an increase of over \$1 billion in other federal spending for medical services, particularly in Medicare. The CBO has again this year found similar results for the copay increases included in the Senate version of the FY2017 NDAA.

As policies to control spending in the Department of Defense are considered, we urge NDAA conferees to ensure TRICARE beneficiaries can obtain the prescription medications that best meet their needs at their local pharmacy by adopting the House position on copays in the FY2017 NDAA. By doing so you will help decrease overall program costs and preserve beneficiaries' health and wellness. Thank you for the opportunity to discuss this important issue further.

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