



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES



March 31, 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 views and recommendations related to the FY2017 National Defense Authorization Act (NDAA) and potential increases in 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 serve as a health care source within their communities.

As the FY2017 NDAA is considered, we urge Congress to protect TRICARE beneficiary access to prescription medications by refusing to further increase retail community pharmacy copayments. 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 NDAs 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 the original Senate version of the FY2016 NDAA, which proposed increases in prescription copays for TRICARE beneficiaries, the Congressional Budget Office (CBO) stated:

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. As a result, CBO estimates that the \$4.9 billion in direct pharmacy savings would be offset by a \$1.1 billion increase in other federal spending for medical services (mostly from Medicare).

As policies to control spending in the Department of Defense are considered, we urge Congress to implement changes that reduce TRICARE costs without jeopardizing patient health and access to services. 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



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES



March 31, 2016

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 McCain and Ranking Member Reed:

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National Association of Chain Drug Stores
National Community Pharmacists Association

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