



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES



April 3, 2017

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

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 Chairmen McCain and Thornberry and Ranking Members Reed and Smith:

The National Community Pharmacists Association (NCPA) and the National Association of Chain Drug Stores (NACDS) are writing to express our views and recommendations related to the FY2018 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 more than 22,000 independent community pharmacies. Together they represent an \$81.5 billion health care marketplace, dispense nearly half of all retail prescriptions, and employ more than 250,000 individuals on a full or part-time basis.

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 178,000 pharmacists. They fill over 3 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 FY2018 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. When the Military Compensation and Retirement Modernization Commission released its report and recommendations it highlighted the importance of beneficiary choice and access and strongly recommended policies that maintain both of these 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.

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 2012, the Congressional Budget Office (CBO) found that for every one percent increase in the number of prescriptions filled by beneficiaries, there is a corresponding decrease in overall medical spending. In reviewing recent versions of the NDAA that proposed increases in prescription copays for TRICARE beneficiaries, the CBO applied this methodology and 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.

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 found similar results for the Senate version of the FY2017 NDAA, which again included pharmacy copay increases.

As policies to control spending in the Department of Defense are considered, we urge Congress to avoid policies such as increasing beneficiary copayments, which would only serve to increase TRICARE costs and jeopardize patient health and access to services. Alternatively, we support the Department of Defense using the authority granted to it in the FY2017 NDAA to implement the “Pilot Program for Prescription Drug Acquisition Cost Parity in the TRICARE Pharmacy Benefits Program.” This pilot program has the potential to produce significant cost savings for the TRICARE program, while at the same time restoring beneficiary access to prescription drugs at all filling locations.

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