



Implement Common Sense Policies to Restore Access and Reduce Costs in the TRICARE Pharmacy Program

Currently, the Department of Defense (DoD) pays more for acquiring certain prescription drugs when they are dispensed in the retail pharmacy setting as opposed to in mail order facilities and military treatment facilities (MTF). This disparity in acquisition cost has led to misguided policies that steer patients to use mail order or MTFs to obtain their prescriptions, instead of their local, trusted pharmacy. These policies include:

- increasing copayments on an almost annual basis, and
- requiring beneficiaries to obtain non-generic maintenance medications at an MTF or through mail order.

These policies restrict patient access and have had the unintended consequence of shifting costs to other federal programs. In the TRICARE program, the costs are generally shifted to the Medicare program. For example, in reviewing the Senate version of the FY2016 NDAA, CBO found that copay increases would result in an increase of over \$1 billion in other federal spending for medical services, particularly in Medicare.¹ CBO found similar results for the Senate version of the FY2017 NDAA, which again included pharmacy copay increases.

Eliminating the current purchasing cost disparity would eliminate the need for DoD to steer patients to either an MTF or mail order. This would provide cost savings to DoD in the form of reduced purchasing costs and lower administrative costs. Currently, DoD pays a much higher dispensing fee for drugs dispensed in mail order. Moreover, this would minimize cost shifts to the Medicare program. Most importantly, this would benefit TRICARE beneficiaries through:

- more choice in obtaining prescription medications,
- improved access to pharmacist care (for many, distant MTFs may not be a viable option), and
- greater stability with less pressure for continued increases in cost sharing/copays.

To implement this cost-saving change, and consistent with the commitment of the Acting Under Secretary of Defense for Personnel and Readiness, members of Congress should urge DoD to convene a working group that includes key stakeholders from the Defense Health Agency, the pharmaceutical manufacturing community, and the retail pharmacy industry. The purpose of the working group would be to make important determinations to inform future policy that: (1) generates meaningful data to examine cost-saving opportunities for the government; and (2) maximizes pharmacy options for TRICARE beneficiaries and their families.

Please support a letter to DoD urging the Secretary to convene a working group to establish policies that improve patient access and reduce TRICARE costs.

¹ Congressional Budget Office. *Cost Estimate: S. 1376 National Defense Authorization Act for Fiscal Year 2016*. June 3, 2015 (<https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/costestimate/s13761.pdf>)