



PERSONNEL AND  
READINESS

**UNDER SECRETARY OF DEFENSE**  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

**JAN 24 2023**

Mr. B. Douglas Hoey  
Chief Executive Officer  
National Community Pharmacists Association  
100 Daingerfield Road  
Alexandria, VA 22314

Dear Mr. Hoey:

Thank you for your October 18, 2022 letter to the Secretary of Defense on behalf of the National Community Pharmacists Association regarding the TRICARE retail pharmacy network change that occurred on October 24, 2022. I would like to address your concerns regarding access to the TRICARE pharmacy benefit for eligible beneficiaries as these matters fall under my purview.

On December 1, 2022, Express Scripts, Inc. (ESI), the TRICARE pharmacy contractor, resolicited independent pharmacies and pharmacy service administrative organizations that declined to accept the previous solicitation or indicated they did not receive it. Pharmacies had 15 days to return the accepted agreement to participate in the TRICARE Pharmacy 5th Generation (TPharm5) retail pharmacy network. Those that chose to join the TPharm5 retail pharmacy network were added back into the network.

ESI implemented a change to the TRICARE retail pharmacy network on October 24, 2022, in preparation for the TPharm5 contract. TPharm5 pharmacy services began on January 1, 2023. ESI is responsible for establishing and maintaining the TRICARE retail pharmacy network and is required to meet contract access requirements. The TRICARE Pharmacy 4th Generation (TPharm4) contract required that ESI's retail pharmacy network adhere to geographical access standards for urban, suburban, and rural areas based on driving distance and maintains a minimum of 50,000 pharmacies. To ensure ample beneficiary access and improve retail pricing agreements to sustain the TRICARE pharmacy benefit, the TPharm5 contract requires ESI's retail pharmacy network to adhere to drive time measurements, regardless of the area, and maintain a minimum of 35,000 pharmacies. The TPharm5 contract requires at least one pharmacy within a 15-minute drive time of 90 percent of beneficiaries. ESI's proposal exceeded the requirements. This change to drive time was because nearly all retail utilization (90 percent) was concentrated in 50 percent of the TRICARE retail network pharmacies and having an excess of pharmacies that process a low volume of TRICARE prescriptions in the network limited the TRICARE pharmacy contractor's ability to negotiate discounts on reimbursement rates with network pharmacies. This increases the overall cost to the Government and the taxpayer.

Based on a 6-month look back conducted by ESI, which occurred prior to the October 24, 2022 implementation date, ESI estimates that approximately 400,000 beneficiaries (4 percent of TRICARE beneficiaries) may be impacted by the network reduction as they received a prescription within the last 6 months from a pharmacy leaving the network. To assist these potentially impacted beneficiaries, ESI sent letters notifying them of the retail pharmacy network change, providing three nearby in-network pharmacies, as well as information on the

TRICARE Mail Order Pharmacy (TMOP). Also, ESI sent e-mails to beneficiaries who had an e-mail address on file to provide information on TMOP and how to identify other in-network pharmacies via the online Find-a-Pharmacy tool. For specialty medications, ESI proactively made outbound calls to beneficiaries on maintenance and specialty medications, advising the beneficiary of the network change, confirming current use of their maintenance or specialty medication, and assisting them in transitioning to an alternate network pharmacy or TMOP (if the specialty medication is available). Additionally, for specialty medications, ESI made subsequent live phone calls to beneficiaries if beneficiaries had not taken action to transfer their specialty medications prior to October 24, 2022.

Starting January 1, 2023, ESI is required to maintain the TPharm5 drive time access standards. The Defense Health Agency (DHA) expects ESI to continue to meet or exceed the Government's access standards (90 percent for both distance and drive time) for TRICARE beneficiaries, including in rural areas, which far exceeds the Centers for Medicare and Medicaid Services' rural access standard of 70 percent. Nearly 95 percent of beneficiaries will maintain access to at least two in-network pharmacies within 15 minutes from their home and over 99 percent will have access to an in-network pharmacy within 30 minutes.

Beneficiaries will continue to have convenient, local in-network options for filling their medications, including beneficiaries in rural locations, as the TRICARE retail network will continue to meet or exceed TRICARE's standard for pharmacy access. If beneficiaries have questions, they may contact ESI at 1-877-363-1303. Beneficiaries who would like to continue to use their local pharmacy that will no longer be part of the TRICARE retail pharmacy network will be required to pay full price for the prescription drug and file a claim for reimbursement. Reimbursements are subject to deductibles or out-of-network cost-shares and co-payments. All deductibles must be met before TRICARE can reimburse the beneficiary. For additional information on filing claims for reimbursement, beneficiaries may refer to <https://www.tricare.mil/CoveredServices/Pharmacy/Claims>.

ESI, in support of DHA, independently negotiates the TRICARE Retail Pharmacy Network. The Department of Defense does not participate in contract negotiations between ESI and retail pharmacies, as ESI is permitted to use its own discretion in contracting with pharmacies to establish a competitively priced network.

Should pharmacies have questions regarding the TRICARE pharmacy program, they may contact ESI at [FederalRecontracting@express-scripts.com](mailto:FederalRecontracting@express-scripts.com).

Thank you for your strong support for the health and well-being of our Service members, veterans, and their families.

Sincerely,



Gilbert R. Cisneros, Jr.