

United States Senate
WASHINGTON, DC 20510

October 25, 2022

The Honorable Ms. Seileen Mullen
Acting Assistant Secretary of Defense for Health Affairs
Department of Defense
7700 Arlington Blvd. Suite 5101
Falls Church, VA 22042

Dear Acting Assistant Secretary Mullen,

On September 29, 2022, I joined with my colleagues to communicate my concerns about TRICARE's contracted pharmacy benefit manager (PBM), Express Scripts.¹ I requested information from you about the Department of Defense Health Agency's (DHA) monitoring of TRICARE beneficiaries' access to retail and community pharmacies. As you know, TRICARE's PBM notified certain pharmacies and beneficiaries that current 2022 pharmacy contracts expired October 24, 2022. This action reduces TRICARE patient's access to pharmacies. I continue to hear from Iowa pharmacists and patients expressing concerns about these changes.

In addition to this reduction in access to care for TRICARE patients, I have additional concerns about TRICARE's PBM contract. Iowa pharmacies, especially those serving rural residents, report to me that it is difficult to contract with TRICARE's PBM and receive an appropriate rate for respective services. Those that have tried to pursue a contract with TRICARE's PBM have been told that TRICARE's PBM is not considering contracting with individual pharmacies. Several independent pharmacists have utilized a pharmacy services administrative organization (PSAO) to negotiate rates without success. I have also heard from TRICARE beneficiaries about concerns in accessing a nearby pharmacy putting into question TRICARE's PBM network adequacy standards. TRICARE patients losing access to high-quality care could impact health outcomes and increase costs.

Given these concerns, I am requesting you answer the following questions regarding TRICARE's PBM contract.

- Your agency indicates that TRICARE's PBM has been able to establish \$40 million cost avoidance in the TPharma4 contract worth \$5.4 billion since 2015.² TRICARE's PBM is expected to receive \$4.3 billion from TRICARE for this new contract, TPharm5.³ What is included in this \$40 million cost avoidance and who determines the cost avoidance value?

¹ Office of Senator Charles E. Grassley, "Grassley, Cotton, Colleagues Express Concern Over Reduced Reimbursements For Prescriptions," September 29, 2022, <https://www.grassley.senate.gov/news/news-releases/grassley-cotton-colleagues-express-concern-over-reduced-reimbursements-for-prescriptions>.

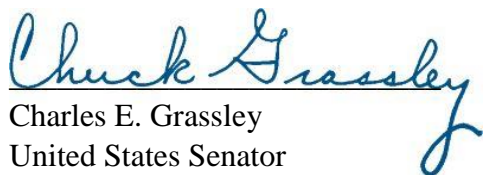
² Liss, Samantha, "Department of Defense renews contract with Express Scripts," *St. Louis Business Journal*, April 21, 2014, https://www.bizjournals.com/stlouis/morning_call/2014/04/departments-of-defense-renews-contract-with-express.html.

³ Department of Defense, "Contracts For Aug. 5, 2021," August 5, 2021, <https://www.defense.gov/News/Contracts/Contract/Article/2721522/>.

- Your agency manages TRICARE's PBM contract to ensure the PBM is in compliance on behalf of patients and taxpayers. Sunshine is key to ensure accountability. Does TRICARE's PBM provide full transparency to your agency on pharmacy ingredient cost rates negotiated by the PBM for prescription drugs along with other associated fees? Do you know the administrative fee amounts that TRICARE's PBM is paying pharmacies for brand-name and generic prescription drugs for in-store and mail-order purchases?
- The upcoming five-year contract enables TRICARE's PBM to lower the pharmacy network size from 50,000 pharmacies to 35,000 pharmacies. In 2016, the agency touted access to more than 57,000 pharmacies.⁴ TPharma4 contract network access standards also change from specific standards for urban, suburban, and rural areas to a single standard regardless of geographic circumstances.⁵ What is the rationale for the changes in access standards and how many patients will be impacted by the contract change?
- My understanding is your agency contracted with an outside entity to analyze network adequacy standard changes. Please provide a copy of the study.
- Your agency has indicated that TPharm5 network adequacy standards will be monitored for patients who fall outside of the access standards. What targeted outreach by your agency and TRICARE's PBM is being conducted to ensure appropriate access and compliance?
- Your agency indicates that over 7,000 independent pharmacists are included in the contracting of TRICARE's PBM pharmacy network. Please provide a full provider list of these 7,000 pharmacies. Additionally, how is your agency ensuring these 7,000 providers are unique and non-duplicative?
- What steps is your agency taking to supervise TRICARE's PBM contract to ensure access to care and quality? Can you explain the type of oversight that is being conducted on network adequacy? Does this oversight include secret shopper calls? Sampling of patient experience?

Timely answers to these questions will ensure Congress, TRICARE patients, and taxpayers understand how you are managing TRICARE's prescription drug benefit. Iowa's TRICARE patients, especially those living in rural areas, should have timely access to pharmacy services. I appreciate your attention to these questions and a thorough response.

Sincerely,


Charles E. Grassley
United States Senator

⁴ Department of Defense, "Revised TRICARE Pharmacy Network Begins Dec.," November 30, 2016, <https://www.defense.gov/News/News-Stories/Article/Article/1015726/revised-tricare-pharmacy-network-begins-dec-1/>.

⁵ The TPharm4 contract network access standards in C.6.5.1 of contract HT9402-14-D-0002 are as followed: Urban (within two miles estimated driving distance of (contractor proprietary metric*) of beneficiaries), suburban (within five miles estimated driving distance of (contractor proprietary metric*) of beneficiaries), rural (within fifteen miles estimated driving distance of (contractor proprietary metric*) of beneficiaries). TPharm5 contract network access standards C.3.3.2 through C.3.3.2.2 of contract HT9402-21-C-0007 are as followed: at least one pharmacy within 15 minutes driving time of 90% of beneficiaries was the original contract requirement.