United States Senate
COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510–6275

October 2, 2025

VIA ELECTRONIC TRANSMISSION

Dr. David J. Smith
Acting Director
Defense Health Agency

Dear Acting Director Smith,

On October 25, 2022, I sent a letter to the Department of Defense's (DOD) Defense Health Agency (DHA) expressing my concerns about TRICARE's contracted pharmacy benefit manager (PBM), Express Scripts.[1] In the letter, I detailed concerns over TRICARE beneficiaries' continued access to retail and community pharmacies.[2] At the time, there were concerns that TRICARE's PBM would shrink the number of pharmacies in the TRICARE network, which in turn, would result in reducing patient access to pharmacies.[3] Further, Iowa pharmacies had reported to me that when attempting to contract with TRICARE's PBM, they were either told that TRICARE's PBM was not contracting with individual pharmacies or were met with contract reimbursement rates that were unsustainable for the independent pharmacies.[4]

Now, nearly three years after I sent my initial letter, these concerns have not subsided. As of October 2024, there were 42,457 pharmacies in the TRICARE network, down from the 55,762 pharmacies that were in the network before October 2022.[5] This reduction in network pharmacies disproportionately affected independent pharmacies, which predominantly serve rural communities.[6] The number of independent pharmacies in the TRICARE network went from 22,055 before October 2022 to 13,191 in October 2024.[7] As a result of the reduction in network pharmacies, roughly 380,000 TRICARE beneficiaries were forced to find a new network pharmacy.[8] While this may only be an inconvenience for some, it is a serious issue for rural beneficiaries with complex and unique medical needs who may lose the pharmacy that is familiar with treating their specific needs.[9]

Beyond limiting access to beneficiaries and harming independent pharmacies, TRICARE's PBM has been accused of engaging in the same anti-competitive practices that I have continually scrutinized PBMs for.[10] Reports indicate that TRICARE's PBM has leveraged its TRICARE contract against

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[1] Letter from Senator Charles E. Grassley to the Honorable Ms. Seileen Mullen, Acting Assistant Secretary of Defense for Health Affairs (Oct. 25, 2022), https://www.grassley.senate.gov/imo/media/doc/grassley_to_dod_-_tricare.pdf.
[2] *Id*.
[3] *Id*.
[4] *Id*.
[5] Government Accountability Office, *Defense Health Care: DOD Should Improve Monitoring of Tricare Beneficiaries' Access to Prescription Drugs* (Feb. 2025), at 11, https://www.gao.gov/assets/gao-25-107187.pdf.
[6] *Id.* at 12; University of Iowa – Carver College of Medicine, Office of Statewide Clinical Education Programs, Iowa Health Professions Tracking Center, *Iowa Pharmacist Tracking System Advisory Committee Meeting* (Feb. 8, 2024), https://oscep.medicine.uiowa.edu/sites/oscep.medicine.uiowa.edu/files/2024-02/Iowa%20Pharmaciest%202022%20Book.pdf (In Iowa, 72 percent of independent pharmacists work in communities of less than 15,000 people Book.pdf.).
[7] Government Accountability Office, *Defense Health Care: DOD Should Improve Monitoring of Tricare Beneficiaries' Access to Prescription Drugs* (Feb. 2025), at 12, https://www.gao.gov/assets/gao-25-107187.pdf.
[8] *Id.* at 20.
[9] *Id.*
[10] Hearing, Senate Judiciary Committee, *PBM Power Play: Examining Competition Issues in the Prescription Drug Supply Chain* (May 13, 2025), *https://www.judiciary.senate.gov/committee-activity/hearings/pbm-power-play-examining-competition-issues-in-the-prescription-drug-supply-chain*; Press Release, Senate Finance Committee, *Grassley, Wyden Release Insulin Investigation, Uncovering Business Practices Between Drug Companies and PBMs*

competing independent pharmacies by steering patients to use Accredo, the sister mail-order pharmacy to TRICARE's PBM that handles specialty drugs.[11] Recent TRICARE policies require beneficiaries to receive specialty drugs—those that treat chronic complex illnesses—through either Accredo or through limited coverage at retail pharmacies.[12] Further, TRICARE's PBM, as with the other top PBMs, has reportedly engaged in the same low reimbursement rates that are unsustainable for independent pharmacies.[13]

Independent pharmacies want to serve those who have served our country, but it appears TRICARE's PBM is interfering with their ability to do that.[14] Every independent pharmacy that has to leave TRICARE due to the actions of TRICARE's PBM leads to less accessibility for active-duty service members and veterans to receive the care they need. Under the current TPharm5 contract with TRICARE's PBM, DHA must decide at the end of 2025 whether to exercise the 12-month option period to extend the contract until the end of 2026.[15] Due to the continued concerns over the practices of TRICARE's PBM and the adverse effects it has on the beneficiaries, it is important that there is full transparency into the monitoring of data that DHA uses in determining the efficacy of continuing the contract with TRICARE's PBM. I have often called for transparency into the dealings of PBMs, and TRICARE's PBM is no exception.[16]

So that Congress may conduct objective and independent oversight of TRICARE, please provide answers to the following no later than October 16, 2025:

1. From my understanding, DHA primarily relies on contractor-provided data to monitor beneficiary access to TRICARE. Has DHA verified contractor data for accuracy? If so, please provide all records of the findings.[17]

2. How regularly does DHA check its TRICARE PBM for compliance with pharmacy access standards?

3. Does DHA monitor how many beneficiaries may have had to relocate to a different pharmacy as a result of the decrease in independent pharmacies in the TRICARE network? If so, please provide all records of the findings.

That Keep Prices High (Jan. 14, 2021), https://www.finance.senate.gov/chairmans-news/grassley-wyden-release-insulin-investigation-uncovering-business-practices-between-drug-companies-and-pbms-that-keep-prices-high.

[11] Jessie Hellmann, *TRICARE Becomes Part of Fight Over Pharmacy Benefit Managers*, ROLL CALL (Aug. 13, 2024), https://rollcall.com/2024/08/13/tricare-becomes-part-of-fight-over-pharmacy-benefit-managers/.

[12] *Id.*; TRICARE, *Covered Services* (Jan 14, 2025), https://tricare.mil/CoveredServices/IsItCovered/SpecialtyDrugs.

[13] INTERIM STAFF REPORT: PHARMACY BENEFIT MANAGERS: THE POWERFUL MIDDLEMEN INFLATING DRUG COSTS AND SQUEEZING MAIN STREET PHARMACIES, FED. TRADE COMM'N 53 (July 2024), https://www.ftc.gov/system/files/ftc_gov/pdf/pharmacy-benefit-managers-staff-report.pdf; Jessie Hellmann, *TRICARE Becomes Part of Fight Over Pharmacy Benefit Managers* (Aug. 13, 2024), ROLL CALL, https://rollcall.com/2024/08/13/tricare-becomes-part-of-fight-over-pharmacy-benefit-managers/.

[14] Jessie Hellmann, *TRICARE Becomes Part of Fight Over Pharmacy Benefit Managers* (Aug. 13, 2024), ROLL CALL, https://rollcall.com/2024/08/13/tricare-becomes-part-of-fight-over-pharmacy-benefit-managers/; David Osborn, *Local Pharmacies can Serve Veterans–if the System Let Them* (July 21, 2025), LOUISIANA ILLUMINATOR, https://lailluminator.com/2025/07/21/pharmacies-veterans/.

[15] TRICARE'S 5TH GENERATION PHARMACY CONTRACT: TPHARM5, CONG. RESEARCH SERV. (Nov. 29, 2022), https://www.congress.gov/crs-product/IN12053.

[16] Press Release, Senator Charles E. Grassley, *Grassley, Cantwell Reintroduce Bills to Lower Prescription Drug Prices, Drive PBM Accountability* (Feb. 12, 2025), https://www.grassley.senate.gov/news/news-releases/grassley-cantwell-reintroduce-bills-to-lower-prescription-drug-prices-drive-pbm-accountability.

[17] "Records" include any written, recorded, or graphic material of any kind, including letters, memoranda, reports, notes, electronic data (emails, email attachments, and any other electronically created or stored information), calendar entries, inter-office communications, meeting minutes, phone/voice mail or recordings/records of verbal communications, and drafts (whether they resulted in final documents).

4. Has DHA reviewed the efficacy in making Accredo the primary way for beneficiaries to receive specialty drugs? Has this decision by TRICARE's PBM resulted in delays in dispensing or receiving these drugs? What sort of support is provided for patients, and is this support offered over-the-phone or in-person? Provide all records.

5. Does DHA monitor the contracts negotiated between TRICARE's PBM and the network pharmacies?

6. How many pharmacies are in TRICARE's network today? How many of those pharmacies are independent pharmacies? How many are there in rural areas?

7. For the independent pharmacies that have been left out of the TRICARE network in recent years, how much money has it saved DHA? Please provide documentation. If DHA cannot provide an answer, please provide an explanation from TRICARE's PBM for how their contracting practices have saved money.

8. Does DHA's TRICARE PBM make any revenue from the contract based on the percentage of list price or some other negotiated price of a prescription drug that is not exclusively a flat fee?

9. Does DHA's TRICARE PBM make more revenue from the sale of a prescription drug that is provided via mail-order compared to a preferred pharmacy in-person? Does this differ based on the dispensing of a generic or biosimilar compared to a brand-name drug or biologic?

10. Please provide a list of companies that DHA's TRICARE PBM sub-contracts with or conducts business with under the TRICARE PBM contract. This list should include any PBM affiliates, subsidiaries, or agents that have a contract or agreement to provide pharmacy benefit management services under the TRICARE contract.

11. Does DHA's TRICARE PBM conduct TRICARE business with Ascent Health Services? If so, how much revenue has Ascent Health Services received from the DHA TRICARE contract since the most recent renewal?

Thank you for your prompt review and response. If you have any questions, please contact Tucker Akin with my Committee staff at (202) 224-5225.

Sincerely,

Charles E. Grassley
Chairman
Committee on the Judiciary