

Mike Crapo
United States Senator

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October 31, 2022

Mike Simpson
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The Honorable Seileen Mullen
Acting Assistant Secretary of Defense for Health Affairs
Defense Health Agency
7700 Arlington Boulevard
Suite 5101
Falls Church, VA 22042-5101

Dear Acting Assistant Secretary Mullen,

We write in support of Idaho's uniformed servicemembers, veterans and their families, as well as the community pharmacies that serve them in the TRICARE Pharmacy Program. Regrettably, too many of these individuals still face barriers to the care and services they need, and it is concerning to hear that access to critical pharmacy services may be further limited due to several recent changes affecting TRICARE's retail pharmacy network.

Express Scripts' new retail pharmacy contract terms include, among other changes, reduced reimbursement rates for prescriptions dispensed at in-network retail pharmacies for calendar year 2023. It is estimated that these reductions will leave nearly 15,000 community pharmacies unable to participate in the TRICARE pharmacy network, affecting approximately 400,000 beneficiaries, or about 4 percent of the TRICARE eligible population. Further, Express Scripts recently acted unilaterally to terminate 2022 pharmacy contracts on October 24, 2022, rather than allowing them to expire at the end of the year.

While Express Scripts claims most patients will have access to pharmacies in their area, significant concerns remain that beneficiaries in rural areas, including Idaho, will encounter less availability that could undermine their quality of care. For example, Sandpoint Super Drug, a local pharmacy that serves the rural community of Sandpoint, Idaho, has a clientele base that is comprised of roughly 30 percent TRICARE patients. Sandpoint Super Drug has provided expanded service for almost 9,000 residents including vaccinations, health supplements, access to nurse practitioners, in-town prescription deliveries and curbside pickup. Sandpoint Super Drug was recently notified that, effective October 24, 2022, it will no longer be in the TRICARE pharmacy network because its Pharmacy Service Administrative Organization (PSAO) declined the proposed contract terms for continued participation on its behalf.

As you can imagine, this will have a devastating impact on both Sandpoint Super Drug and the many TRICARE beneficiaries it serves. We further understand that Express Scripts will shift some of these patients to mail-order prescriptions that may not be adequate to address their needs. This is due to the fact that many of our constituents who use these pharmacies live in rural areas that can see higher disruptions to their mail delivery service than those constituents who live in more urban areas. Also, Express Scripts owns its own mail-order and specialty pharmacy, making it a direct competitor to independent pharmacies. Thus, reducing payments to community pharmacies hurts not just choice, but could be seen as a move to monopolize.

Additionally, this could impact pediatric healthcare needs for families enrolled in TRICARE, because these children must go to independent pharmacies for specialized compounding services due to traditionally manufactured drugs not being able to meet their needs.

Finally, it is our understanding Express Scripts will have its subsidiary, Accredo Specialty Pharmacy, take over as the primary in-network specialty pharmacy for TRICARE patients who suffer from chronic, complex conditions and need a specialty medication on January 1, 2022. However, it is not clear whether those patients who get their specialty drugs filled at one of the pharmacies leaving the TRICARE pharmacy network will be able to transition to Accredo's service to get their prescriptions filled before January 1st.

In light of these concerns, we are requesting responses to the following:

1. What steps is the Department taking to address concerns about TRICARE pharmacy network reductions and access to retail pharmacy services for beneficiaries?
2. What reasons has Express Scripts given for its decision to terminate 2022 contracts two months earlier than planned?
3. Express Scripts' reimbursement reductions have caused many PSAsOs and community pharmacies to make the difficult decision of discontinuing TRICARE network participation. However, for community pharmacies interested in continued participation--such as Sandpoint Super Drug--Express Scripts has communicated that it will only contract with PSAsOs and will not contract directly with community pharmacies unless under specific requirements, thus further reducing pharmacy choice and critical access for patients.
 - a. What recourse is there for community pharmacies, like Sandpoint Super Drug, that wish to continue participation in the TRICARE pharmacy network through stand-alone contracts rather than through their PSASO?
4. It is our understanding that some pharmacies, such as large chain pharmacies, were offered more favorable contract terms while other pharmacies (particularly community pharmacies) were offered contract terms that reimburse below their acquisition cost and did not include a dispensing fee.

- a. How did Express Scripts decide which contract terms were offered to different types of pharmacies?
5. Are there significant discrepancies between dispensing fees Express Scripts gives to pharmacies owned by Express Scripts versus independently owned pharmacies? Does Express Scripts reimburse their own mail-order pharmacy at a higher rate than they reimburse other retail pharmacies in the network?
6. Does the U.S. Department of Defense pay Express Scripts' administrative fees, on top of reimbursements, for all prescriptions they dispense through their mail-order pharmacy? And if so, what is the administrative fee paid to Express Scripts to dispense drugs via their mail-order facility?
7. It is our understanding you have the authority to take directed contracting action to ensure adequate patient access is met. Will you use this authority? If so, we ask you to consider the changes listed below:
 - a. Change the “access” requirements to a 10-minute driving time to the nearest in-network pharmacy for 95 percent of beneficiaries.
 - b. Only release pharmacies that have not dispensed a TRICARE prescription in the past year.
 - c. Require the coverage of pharmacies that are the sole contractor for facilities treating TRICARE recipients, such as long-term care facilities.
 - d. Require that independent pharmacies in the TRICARE network receive both the same reimbursement rates and the same dispensing fee level of other pharmacies in the TRICARE network.
8. How does the DHA define “network adequacy” regarding the term of the TRICARE contract that requires 90 percent of TRICARE beneficiaries to be within a 15-minute driving distance from the nearest in-network pharmacy? Ninety percent of the entire country may look different than 90 percent of each region/state. It is important we ensure we are meeting 90 percent of Idaho. What assurances can you provide on this requirement?
9. What is the total number of TRICARE families that will be impacted by this change in service? If this is unknown, why was there not an assessment before contract negotiations took place?
10. What are the plans for transitioning care for patients with chronic medical conditions? How many will be able to continue home infusion services versus being transitioned to an infusion facility?
11. What confirmation have you received that those patients with chronic, complex conditions who need specialty medications prior to January 1, 2023, will not see a disruption in their access to such medications?

We look forward to working with you on these matters.

Sincerely,



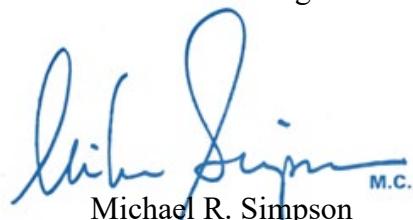
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