

## BACKGROUND ON DOD-TRICARE

- The House and Senate have passed their Defense Authorization bills (H.R. 5122/S. 2766) and a conference committee, made up of a select group of members of the House and Senate, is meeting to reconcile the two bills. The conference committee will work out the differences between the bills and issue a conference report that must be approved by the full House and Senate before sending to the President.
- There are several provisions in the bills critical to community pharmacy:
  - The Senate bill contains a provision (Section 721) which clarifies that the Department of Defense (DOD) may negotiate discounted federal pricing for prescriptions dispensed to TRICARE beneficiaries by retail pharmacies, just like the Department does for prescriptions dispensed by military treatment facilities (MTFs) and mail order.
  - The Senate bill also contains a provision (Section 702) that requires all TRICARE beneficiaries to obtain refills of maintenance medications through mail order and waives co-pays for medications that are obtained through the mail.
  - The House bill includes a provision (Section 731) which increases co-payments for retail prescriptions and waives co-payments for mail order prescriptions.
- Currently the Department of Defense (DOD) receives discounted federal pricing for prescriptions dispensed at military facilities and mail order. Because of these rebates paid by manufacturers, these prescriptions are much cheaper to DOD than prescriptions dispensed by retail pharmacies.
- DOD believes existing law gives it the authority to negotiate with manufacturers for discounts for drugs dispensed by retail pharmacies. However, brand manufacturers filed suit against DOD and currently only a limited number of voluntary discounts are being provided by some manufacturers. Because of the actions by brand manufacturers, the TRICARE retail pharmacy program is the only federal government program that does not receive rebates from manufacturers.
- If Section 721 of the Senate bill that clarifies that discounts may be negotiated for retail prescriptions is retained by the conference committee, there is no need to for provisions that require or coerce beneficiaries to use mail order.
- **TRICARE beneficiaries should have the right to choose where to obtain their prescription medications, just like beneficiaries of all other federal health care programs – Medicare, Medicaid, the Federal Employees Health Benefit Program, and the Children’s Health Insurance Program, among others.**