



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES

Statement
Of
The National Association of Chain Drug Stores
For
United States House of Representatives
Armed Services Committee
Subcommittee on Military Personnel
Hearing on:
Stakeholder Views on Military Health Care
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Introduction

The National Association of Chain Drug Stores (NACDS) thanks the Subcommittee for the opportunity to submit a statement for the hearing on “Stakeholder Views on Military Health Care.” NACDS and the chain pharmacy industry are committed to partnering with Congress, the Department of Defense (DoD), and other stakeholders to improve the quality and affordability of healthcare services for our nation’s military heroes, retirees, and their families.

NACDS represents traditional drug stores and supermarkets and mass merchants with pharmacies. Chains operate more than 40,000 pharmacies, and NACDS’ chain member companies include regional chains, with a minimum of four stores, and national companies. Chains employ more than 3.2 million individuals, including 179,000 pharmacists. They fill over 2.9 billion prescriptions yearly, and help patients use medicines correctly and safely, while offering innovative services that improve patient health and healthcare affordability. NACDS members also include more than 850 supplier partners and over 60 international members representing 22 countries. For more information, visit www.NACDS.org.

As the face of neighborhood healthcare, community pharmacies and pharmacists provide access to prescription medications and over-the-counter products, as well as cost-effective health services such as immunizations and disease screenings. Through personal interactions with patients, face-to-face consultations and convenient access to preventive

care services, local pharmacists are helping to shape the healthcare delivery system of tomorrow—in partnership with doctors, nurses, and others. As policies to control spending in the TRICARE program are considered, NACDS urges Congress to protect patient health and preserve access to local pharmacies. Attempting to reduce TRICARE costs by increasing prescription drug copay amounts and severely limiting the number of pharmacy options available to a patient comes at the expense of TRICARE beneficiary health and only serves to shift costs to other federal healthcare programs such as Medicare.

Preserving Patient Access and Choice in the TRICARE Program

Significant changes in prescription drug cost sharing for TRICARE beneficiaries have already been implemented in recent years. Most recently, the FY2015 National Defense Authorization Act (NDAA) contained additional changes to drive TRICARE beneficiaries out of local pharmacies and into the TRICARE Mail Order Program (TMOP), including requiring the use of mail order for non-formulary medications and requiring refills of non-generic prescription maintenance medications through military treatment facility pharmacies (MTFs) or TMOP. The FY2015 NDAA also implemented copay increases for prescriptions obtained at both retail and through mail order. These provisions unfairly penalize TRICARE beneficiaries who prefer to use local pharmacies. Moreover, while these provisions may appear to save money in the short run, they actually are more costly over the long term. Failure to take medications as prescribed costs the U.S. health system \$290 billion annually, or 13% of total health expenditures.

Restricting beneficiary access and raising copay amounts can have the unintended effect of reducing medication adherence, resulting in decreased health outcomes and increased use of more costly medical interventions, such as physician and emergency room visits, and hospitalizations.

Policymakers have begun to recognize the vital role that local pharmacists can play in maintaining and improving medication adherence. In 2012, the Congressional Budget Office (CBO) issued a report which revised its methodology for scoring proposals related to prescription drug use and found that for each one percent increase in the number of prescriptions filled by beneficiaries there is a corresponding decrease in overall medical spending. In reviewing the original Senate version of the FY2016 NDAA, which proposed increases in prescription copays for TRICARE beneficiaries, the CBO applied this methodology and stated:

Thus, while the higher copayments may deter some beneficiaries from filling prescriptions they no longer need or use, those higher copayments also could cause some chronically ill beneficiaries to stop taking their medications, resulting in more doctor visits and hospitalizations. As a result, CBO estimates that the \$4.9 billion in direct pharmacy savings would be offset by a \$1.1 billion increase in other federal spending for medical services (mostly from Medicare).

Congress has also recognized the importance of pharmacist-provided medication adherence by including medication therapy management (MTM) as a required offering in the Medicare Part D program. The experiences of Part D beneficiaries, as well as public and private studies, have confirmed the effectiveness of this pharmacist-provided service. A 2013 Centers for Medicare and Medicaid Services (CMS) report found that Part D MTM programs consistently and substantially improved medication adherence and quality of prescribing for evidence-based medications for beneficiaries with congestive heart failure, COPD, and diabetes. The study also found significant reductions in hospital costs, particularly when a comprehensive medication review was utilized. This included savings of nearly \$400 to \$525 in lower overall hospitalization costs for beneficiaries with diabetes and congestive heart failure.

A study of published research on medication adherence conducted by Avalere in 2013 concluded that the evidence largely shows that patients who are adherent to their medications have more favorable health outcomes such as reduced mortality and use fewer healthcare services (especially hospital readmissions and ER visits). Such patients are thus cheaper to treat overall, relative to non-adherent patients. The study found that there was an even wider range of cost offsets for patients demonstrating adherence to medications across particular chronic conditions. Thus, we urge Congress to protect the health of TRICARE beneficiaries by refusing to impose additional prescription drug copay increases in the FY2016 NDAA.

In addition to refusing to impose additional copay increases on TRICARE beneficiaries, NACDS urges Congress to take steps to preserve access to the services beneficiaries need by establishing long-term solutions that will not harm patient care, such as creating acquisition cost parity across all treatment locations, including retail, MTFs, and mail order. Presently, retail pharmacies that serve TRICARE beneficiaries have to pay much more for prescription drugs than mail order and military pharmacies. Creating acquisition cost parity will lead to greater savings for the DoD while at the same time ensure beneficiaries have access to the care and services they need. We believe that a provision for a pilot program (such as that included in the original House version of the FY2016 NDAA (H.R. 1735)) could potentially lead to long-term solutions for the TRICARE pharmacy program. Such a pilot would help ensure that retail pharmacy can continue to provide access to quality care and the important medication counseling services that only retail pharmacy can provide.

Conclusion

The recent changes in TRICARE prescription drug policies are placing even greater financial burdens on TRICARE beneficiaries, potentially increasing medical-related program costs, and jeopardizing beneficiary health through decreased medication adherence. We support sensible cost savings initiatives, and support TRICARE beneficiaries in maintaining access to their prescription medications at their local pharmacies. Doing so would decrease overall program costs while also preserving beneficiaries' health and wellness.

Thank you for the opportunity to share our views. We look forward to working with you
on policies that control costs and preserve access to local pharmacies.