



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

**4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000**

MAR 31 2016

The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This report responds to section 716 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2013 (Public Law 112-239). The Act required the Secretary of Defense to conduct a pilot program that required TRICARE for Life (TFL) beneficiaries to refill prescription maintenance medications from the TRICARE Mail Order Program or a military treatment facility (MTF) pharmacy and to report on the effects of the pilot no later than March 31st of each year through 2018.

Section 702 of the Carl Levin and Howard P. "Buck" McKeon NDAA for FY 2015 (Public Law 113-291) amended section 716 of the NDAA for FY 2013 (Public Law 112-239) and directed the Secretary of Defense to terminate the pilot program on September 30, 2015, and to expand the requirement to refill prescription maintenance medications to all TRICARE eligible beneficiaries beginning October 1, 2015. All participants in the TFL pilot have been transitioned into the expanded program.

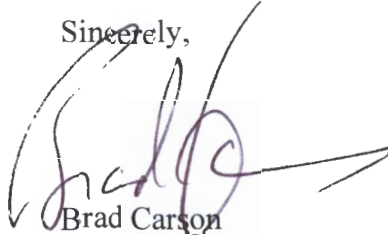
Notification letters regarding the pilot program were initially sent to 350,000 TFL beneficiaries in February 2014 and were ongoing as beneficiaries either aged-in to the TFL program or were placed on a medication included in the pilot. Data from the beginning of the pilot in February 2014 through September 2015 showed that 1,260,805 prescriptions for targeted prescription maintenance medications under the pilot were moved to the TRICARE Mail Order Program. Mail order use by the TFL participants increased by 33.6 percent, MTF use increased by 2.5 percent, and retail pharmacy use decreased by 18.4 percent during the same time period.

Overall, the pilot program resulted in a net estimated cost avoidance of \$266 million during the period of February 2014 through September 2015. Results were consistent with the Department's expectations and Congressional intent for a program improvement that reduced costs for both the Department and beneficiaries.

Preparation of this close-out report cost the Department of Defense an estimated \$800.00, including \$200.00 in expenses and \$600.00 in labor. A similar letter has been sent to the Chairpersons of the other congressional defense committees.

Thank you for your interest in the health and well-being of our Service members, veterans, and their families.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Carson", with a long horizontal flourish extending to the right.

Brad Carson
Senior Advisor to the Under Secretary of
Defense for Personnel and Readiness,
Performing the Duties of the Principal
Deputy Under Secretary of Defense for
Personnel and Readiness

cc:
The Honorable Jack Reed
Ranking Member



PERSONNEL AND
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OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

MAR 31 2016

The Honorable William M. "Mac" Thornberry
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

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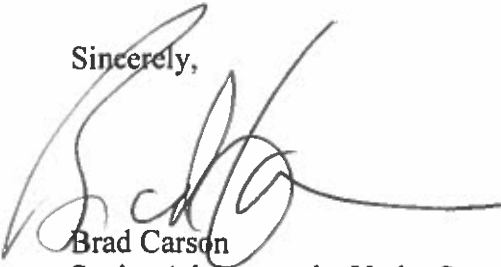
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Brad Carson
Senior Advisor to the Under Secretary of
Defense for Personnel and Readiness,
Performing the Duties of the Principal
Deputy Under Secretary of Defense for
Personnel and Readiness

cc:
The Honorable Adam Smith
Ranking Member



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OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

MAR 31 2016

The Honorable Thad Cochran
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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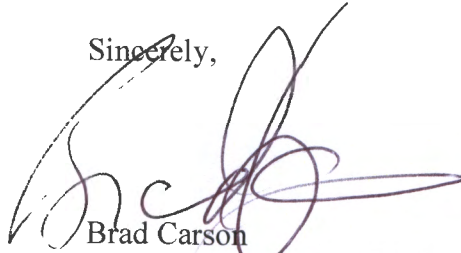
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Brad Carson
Senior Advisor to the Under Secretary of
Defense for Personnel and Readiness,
Performing the Duties of the Principal
Deputy Under Secretary of Defense for
Personnel and Readiness

cc:
The Honorable Barbara A. Mikulski
Vice Chairwoman



OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

MAR 31 2016

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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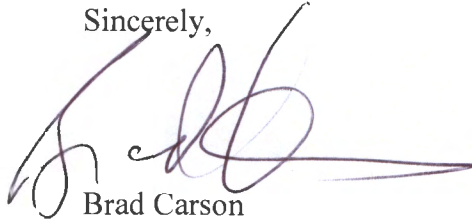
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cc:
The Honorable Nita M. Lowey
Ranking Member