



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

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

13 DEC 2016

Dear Mr. Chairman:

This is the fourth and final fiscal year (FY) 2016 quarterly report to Congress in response to the Joint Explanatory Statement, accompanying the National Defense Authorization Act (NDAA) for FY 2016 (Public Law 114-92), requesting the Department of Defense (DoD) to provide a quarterly report detailing the results of monitoring the effects of the transition of maintenance medications from retail pharmacies to mail order and military treatment facility (MTF) pharmacies on affected beneficiaries. This report is late due to the time lag from the end of the reporting period (4th QTR/fill FY) until completion of the claims data verification. Section 702 of the Carl Levin and Howard P. "Buck" McKeon NDAA for FY 2015 (Public Law 113-291) required the Department to terminate the TRICARE for Life Pilot Program on September 30, 2015, and to require all TRICARE eligible beneficiaries to refill select non-generic prescription maintenance medications through MTF pharmacies or the mail order program (MOP) starting October 1, 2015.

The Department's experience and lessons learned from the TRICARE pilot were included in developing the contract requirements to expand the program from the limited pilot group to all eligible TRICARE beneficiaries. Those requirements include metrics for monitoring the availability of medications, timeliness, and accuracy of prescriptions.

The expanded program has been in place since October 1, 2015. The following available data are for the time period of October 1, 2015, through July 31, 2016.

Measures of availability include:

- 191,548 beneficiaries have transferred prescriptions to the MOP;
- 207,468 targeted prescriptions have been transferred to the MOP;
- 30,512 beneficiaries have transferred prescriptions to an MTF pharmacy; and
- Of the 20.4M total prescriptions filled at the MOP during this period, 0.97 percent of those prescriptions were unavailable due to a manufacturer backorder, which resulted in the prescription being returned to the beneficiary. When a medication is

unavailable at the MOP, the Department actively works with the Defense Logistics Agency to obtain suitable alternatives.

Measure of accuracy:

- During this period the MOP maintained a 99.99 percent accuracy rate.

Measure of satisfaction:

- The most recent quarterly MOP satisfaction survey shows that 95 percent of beneficiaries surveyed were satisfied with the program.

In order to more specifically monitor metrics of interest, the Department is reviewing how best to consolidate the large number of beneficiary surveys currently conducted by TRICARE and individual MTFs throughout the Military Health System. The Defense Health Agency (DHA) has developed specific survey questions to allow measurement of availability of medications, timeliness, accuracy, and satisfaction consistent with Committee interest. The DHA is taking steps to add an MTF-specific pharmacy survey as part of the upcoming TRICARE survey contract re-compete in September.

MTF pharmacies continue to monitor waiting times, error rates, backorder rates, and beneficiary satisfaction as part of their individual accreditation metrics. The estimated cost of the report for the DoD is approximately \$1,800.00, and includes \$500.00 in expenses and \$1,300.00 in labor.

Thank you for your interest in the health and well-being of our Service members, veterans, and their families. A similar letter has been sent to the House Armed Services Committee.

Sincerely,



Peter Devine

Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

cc:

The Honorable Jack Reed
Ranking Member



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READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

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

13 DEC 2016

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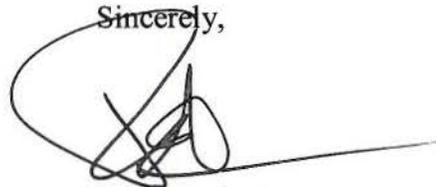
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Sincerely,

A handwritten signature in black ink, appearing to be "Peter Levine", written over a horizontal line.

Peter Levine

Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

cc:
The Honorable Adam Smith
Ranking Member