

April 28, 2015

The Honorable Mac Thornberry
Chairman
House Armed Services Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Adam Smith
Ranking Member
House Armed Services Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Thornberry and Ranking Member Smith:

On behalf of the National Community Pharmacists Association (NCPA), I am writing to express support for an amendment to H.R. 1735, the National Defense Authorization Act for Fiscal Year 2016, authored by Representative Austin Scott and Representative Rick Larsen that would require small business pharmacy participation in any “preferred” pharmacy network pilot program in TRICARE. NCPA represents the interests of America’s independent community pharmacists, including the owners of nearly 23,000 independent community pharmacies. Together they dispense nearly 40% of all retail prescriptions and employ more than 300,000 individuals, including over 62,000 pharmacists.

The current version of H.R. 1735 includes a provision (Sec. 702) that would establish a “pilot” program for a “preferred” retail pharmacy network in the TRICARE pharmacy benefits program. In light of the fact that small business independent community pharmacies have been essentially excluded from participating in similar Medicare Part D preferred pharmacy networks despite being willing to accept the same terms and conditions as those assumed by other participating pharmacies, NCPA is strongly supportive of the amendment authored by Representative Scott and Representative Larsen.

Small businesses are responsible for most of the job creation and technical innovations in the United States. Congress has consistently shown great interest in encouraging the growth and health of small businesses throughout the American economy. Each federal agency sets an annual goal for small business participation. For 2015, the Department of Defense (DOD) has set its small business participation goal at 36 percent. Accordingly, NCPA is strongly supportive of this amendment that would require that 36 percent of any preferred pharmacy network in a TRICARE pilot program be comprised of small business pharmacies.

This small business amendment would not increase the cost of this pilot program. Under the terms of the existing language of Sec. 702, all preferred pharmacies in the network would all be able to purchase prescription medication for beneficiaries at rates available to the federal government pursuant to section 1074g(f) of title 10, United States Code; and the Secretary may require that participating retail pharmacies “opt-in” to the network and agree to the reimbursement rates paid by the Secretary.

The inclusion of independent community pharmacies in any TRICARE preferred pharmacy network pilot program would also enhance beneficiary access to needed medications. The Centers for Medicare and Medicaid Services (CMS) has repeatedly expressed concerns with preferred pharmacy networks in

the Part D program—specifically surrounding the issue of beneficiary access. Many NCPA member pharmacies are located in either very urban or very rural areas that are typically not served by chain pharmacies.

In conclusion, NCPA is in strong support of the amendment offered by Representative Scott and Representative Larsen that would allow small business pharmacies to participate in any TRICARE preferred pharmacy pilot program. The participation of small business pharmacies in any pilot program would not in any way increase the costs of such a pilot program and would only enhance beneficiary access to needed medications—given the prevalence of independent community pharmacies in very rural and urban areas of the United States.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Pfister". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Steve Pfister
Senior Vice President, Government Affairs

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