



PERSONNEL AND
READINESS

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

MAR 26 2015

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

Dear Mr. Chairman:

This report responds to Section 716 of the National Defense Authorization Act for Fiscal Year 2013 (Public Law 112-239). The Act requires the Secretary of Defense to conduct a pilot program to refill prescription maintenance medications for each TRICARE for Life (TFL) beneficiary from the TRICARE Mail Order Program or military treatment facility (MTF) and report on the effects of the pilot not later than March 31 of each year through 2018. Section 716, also requires the Secretary to prescribe regulations to carry out the pilot program.

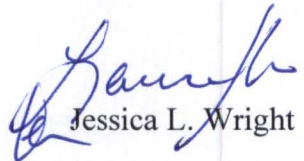
An interim final rule establishing the 5-year Pilot for TFL beneficiaries was published in the Federal Register on December 11, 2013, and became effective February 14, 2014. During this time, the Department of Defense (DoD) Pharmacy and Therapeutics Committee identified a list of maintenance medications for inclusion in the pilot. Publication of the interim final rule triggered the next steps in the implementation process (e.g., release of a contract modification to the mail order/retail contractor to complete the work on its adjudication system and to ensure its call center was ready to receive an influx of beneficiary calls). The contractor's call center was the key driver to the start date of the pilot and was operational in February 2014. The call center's ability to handle calls, in turn, was the signal to begin contacting beneficiaries affected by the pilot and assist them in prescription transfers from retail pharmacies to mail. The Department took substantial steps to ensure a smooth transition.

Notification letters regarding the pilot program were initially sent to 350,000 TFL beneficiaries in February 2014 and are ongoing as beneficiaries either age-in to the TFL program or are placed on a medication included in the pilot. Data from the beginning of the TFL pilot in February 2014 through December 2014 shows that 58% of eligible beneficiaries transferred 642,202 prescriptions for targeted medications under the pilot to Home Delivery (mail order). Home Delivery used by TFL participants increased by 14%, retail pharmacy use decreased by 13.6%, and MTF use increased by 2% during that same time period.

Overall, the TFL pilot program resulted in a net estimated cost avoidance of \$106 million during the period of February 2014 to December 2014. Results to date are consistent with the Department's expectations and Congressional intent for a program improvement that reduces costs for both the Department and beneficiaries.

Preparation of this report cost an estimated \$1,400.00, including \$1,300.00 in DoD 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 Chairpersons of the other congressional defense committees.

Sincerely,



Jessica L. Wright

cc:
The Honorable Barbara A. Mikulski
Vice Chairwoman



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

**PERSONNEL AND
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MAR 26 2015

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

Dear Mr. Chairman:

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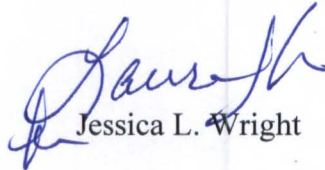
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Sincerely,



Handwritten signature of Jessica L. Wright in blue ink.

Jessica L. Wright

cc:
The Honorable Adam Smith
Ranking Member



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

MAR 26 2015

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

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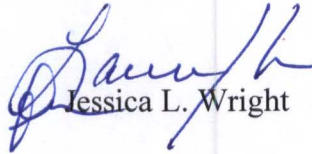
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Sincerely,



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Jessica L. Wright

cc:

The Honorable Jack Reed
Ranking Member



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4000 DEFENSE PENTAGON
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MAR 26 2015

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

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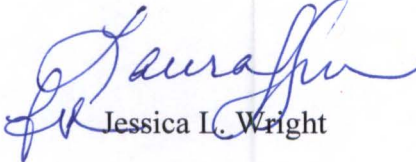
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Jessica L. Wright

cc:
The Honorable Nita M. Lowey
Ranking Member