



OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

PERSONNEL AND
READINESS

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

AUG - 6 2025

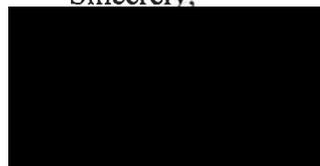
Dear Mr. Chairman:

The Department's response to Senate Report 118-81, page 266, accompanying S. 2587, the Department of Defense Appropriations Bill, 2024, "TRICARE Pharmacy Services," is enclosed.

This report includes: (1) a determination of whether rural and highly rural beneficiaries have sufficient access to pharmacies within the TRICARE Retail Pharmacy Network compared to suburban and urban beneficiaries; (2) the number of network pharmacies located in rural or highly rural areas in each of the last 5 years; (3) the number of prescriptions filled at rural or highly rural pharmacies in each of the last 5 years, and; (4) rural and highly rural beneficiary satisfaction with their options for accessing the TRICARE Retail Pharmacy Network in each of the last 5 years.

Thank you for your continued strong support for the health and well-being of our Service members, veterans, and their families. I am sending a similar letter to the Committee on Appropriations of the Senate.

Sincerely,



Merlynn Carson, MD
Performing the Duties of the Deputy Under
Secretary of Defense for Personnel and
Readiness

Enclosure:
As stated

cc:
The Honorable Rosa L. DeLauro
Ranking Member



OFFICE OF THE UNDER SECRETARY OF DEFENSE

**4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000**

**PERSONNEL AND
READINESS**

The Honorable Susan Collins
Chair
Committee on Appropriations
United States Senate
Washington, DC 20510

AUG - 6 2025

Dear Madam Chair:

The Department's response to Senate Report 118-81, page 266, accompanying S. 2587, the Department of Defense Appropriations Bill, 2024, "TRICARE Pharmacy Services," is enclosed.

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Thank you for your continued strong support for the health and well-being of our Service members, veterans, and their families. I am sending a similar letter to the Committee on Appropriations of the House of Representatives.

Sincerely,



Merynn Carson, MD

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

Enclosure:
As stated

cc:
The Honorable Patty Murray
Vice Chair

Report to the Committees on Appropriations of the Senate and the House of Representatives



TRICARE Pharmacy Services

August 2025

The estimated cost of this report or study for the Department of Defense (DoD) is approximately \$2,500 in Fiscal Year 2024.
This includes \$0 in expenses and \$2,500 in DoD labor.
Generated on 2024April11 RefID: 3-D9F7B56

INTRODUCTION

This report is in response to Senate Report 118–81, page 266, accompanying S. 2587, the Department of Defense Appropriations Bill, 2024, which requests a report to the Committees on Appropriations of the Senate and the House of Representatives on “TRICARE Pharmacy Services in rural and highly rural regions of the Nation.” Specifically, this report is requested to address:

(1) whether rural and highly rural beneficiaries have sufficient access to pharmacies within TRICARE’s retail pharmacy network compared to suburban and urban beneficiaries; (2) the number of network pharmacies located in rural or highly rural areas in each of the last 5 years; (3) the number of prescriptions filled at rural or highly rural pharmacies in each of the last 5 years; (4) rural and highly rural beneficiary satisfaction with their options for accessing the TRICARE retail pharmacy network in each of the last 5 years.

BACKGROUND

The TRICARE Pharmacy contractor, Express Scripts, is responsible for establishing and maintaining the TRICARE Retail Pharmacy Network and ensures the TRICARE retail network access requirements are met as stipulated in the current TRICARE Pharmacy 5th Generation contract (TPharm5). The Defense Health Agency (DHA) has no contractual relationship with retail pharmacies in the network and does not participate in contract negotiations between Express Scripts and retail pharmacies.

The prior TRICARE Pharmacy 4th Generation contract (TPharm4) required Express Scripts’ retail pharmacy network adhere to geographical access standards for urban, suburban, and rural areas based on driving distance, and a minimum of 50,000 pharmacies in the retail network. To ensure ample beneficiary access, improve retail pricing agreements, and sustain the TRICARE pharmacy benefit, the TPharm5 contract requires Express Scripts’ retail pharmacy network adhere to drive time measurements, regardless of the area, and a minimum of 35,000 pharmacies in the retail network. The TPharm5 solicitation required at least one pharmacy within a 15-minute drive time of 90 percent of beneficiaries across the country. Express Scripts’ proposal, which was incorporated into the awarded contract, exceeded the requirement; however, specific information on exact metric percentage is proprietary and cannot be shared in this report.

The change from a “driving distance” requirement in TPharm4 to a “drive time” requirement in TPharm5 was based on a 2019 independent analysis¹ of the TPharm4 retail network that found the contract’s driving distance standard was a less accurate means of measuring network adequacy and network access than the drive time standard that was implemented in the TPharm5 contract. The driving distance approach to measuring access, based on straight-line distance, did not provide an accurate measure of how well beneficiaries are able to access the retail network. Utilization of the drive time standard in the TPharm5 contract provides a more concise measure of access. The independent analysis also concluded nearly all

¹ The Johns Hopkins University Applied Physics Laboratory (JHU/APL). (July 2019). TRICARE Pharmacy Program 5th Generation Evaluation Summary.

retail utilization (90 percent) was concentrated in 50 percent of the TRICARE retail network pharmacies. The analysis also found the excess of network pharmacies processing low volumes of TRICARE prescriptions limits the TRICARE pharmacy contractor's ability to negotiate discounts on reimbursement rates within the network, increasing overall cost to TRICARE and the Government.

Through discussions with U.S. Department of Agriculture (USDA), DHA was informed that the Department of Veterans Affairs (VA), not the USDA, utilizes the Rural-Urban Commuting Areas coding system (RUCA) system to define rurality. The VA Office of Rural Health defines "rural" and "highly rural" by applying combinations of RUCA codes. Based on this information, DHA used the well-established definitions of rurality provided by VA² for this report as follows:

- Urban Area: Census tracts with at least 30 percent of the population residing in an urbanized area as defined by the Census Bureau.
- Rural Area: Land areas not defined as urban or highly rural.
- Highly Rural Area: Sparsely populated areas – less than 10 percent of the working population commutes to any community larger than an urbanized cluster, which is typically a town of no more than 2,500 people.

Note: Suburban is not defined through RUCA or VA.

The VA groups RUCA scores for rurality as follows:

- 1.0 and 1.1 values for urban areas
- 10.0 denotes highly rural areas
- All other values denote rural areas

This report is based on the VA RUCA score groupings and definitions for rurality, which were applied to the TRICARE pharmacy beneficiary population to generate the data presented in this report. The reporting period for this report is January 1, 2019 to January 31, 2024. Express Scripts utilized the January pharmacy network reports and the Government's beneficiary zip code file for each calendar year when generating the requested data.

(1) Whether rural and highly rural beneficiaries have sufficient access to pharmacies within TRICARE's Retail Pharmacy Network compared to suburban and urban beneficiaries

DHA considers TRICARE Retail Pharmacy Network access for rural and highly rural TRICARE beneficiaries sufficient when compared to urban beneficiaries; suburban is not defined by RUCA or VA and was not used in the comparison. As of January 2024, over 99 percent of urban TRICARE beneficiaries, over 94 percent of rural TRICARE beneficiaries, and approximately 76 percent of highly rural TRICARE beneficiaries have at least one in-network pharmacy within a 15-minute drive time from their home.

² U.S. Department of Veterans Affairs. Rural Veterans [RURAL VETERANS - Office of Rural Health \(va.gov\)](https://www.va.gov/rural-veterans/).

Most TRICARE beneficiaries live in urban and rural areas. As of January 2024, approximately 73.1 percent (5.03 million) of TRICARE beneficiaries are in urban VA-classified RUCA areas, 24.8 percent (1.7 million) are in rural VA-classified RUCA areas, and 2.1 percent (147,707) are in highly rural VA-classified RUCA areas. DHA acknowledges highly rural beneficiaries have more challenges accessing local in-network pharmacies as this subpopulation, historically, has fewer local pharmacies available due to the remote location of these beneficiaries and limited number of locally available pharmacies. However, if a local in-network pharmacy is not available, TRICARE beneficiaries have options for filling their medications at the following points of service: military medical treatment facility (MTF) pharmacies, TRICARE mail order pharmacy (TMOP), and retail non-network pharmacies. Reimbursements for non-network pharmacies are subject to deductible and/or out-of-network cost shares, and copayments.

DHA acknowledges that separating highly rural TRICARE beneficiary population from remaining urban and rural beneficiaries results in less than 90 percent of this subpopulation with at least one network pharmacy within a 15-minute drive time from their home. The analysis in Table 1c. shows calculated access for highly rural population between 2019 and 2024, spanning both TPharm4 and TPharm5 contracts. At no time did access for highly rural population exceed 84 percent. This includes 2019, when the number of in-network pharmacies was highest, totaling 56,831. That year, 97.29 percent of rural beneficiaries and 83.57 percent of highly rural beneficiaries were within access standard with at least one network pharmacy within a 15-minute drive time from their home. By comparison, in 2024, with 42,453 pharmacies in-network, 94.81 percent of rural beneficiaries and 75.94 percent of highly rural beneficiaries are within access standard. This data demonstrates that the decrease of over 14,000 network pharmacies from TPharm4 to TPharm5 did not significantly impact access to rural and highly rural beneficiaries. The data also suggests there were an excess number of under-utilized pharmacies in the TPharm4 TRICARE Retail Pharmacy Network.

Tables 1a-c. TRICARE network pharmacy access by RUCA classification of urban, rural, and highly rural beneficiaries stratified by calendar year with total number of network pharmacies (based on January of each year)

Table 1a. TRICARE network pharmacy access by RUCA classification of urban

		56,831 Pharmacies in Network		56,599 Pharmacies in Network		56,068 Pharmacies in Network		55,886 Pharmacies in Network		42,227 Pharmacies in Network		42,453 Pharmacies in Network	
		URBAN classification based on VA RUCA 2.0											
		2019		2020		2021		2022		2023		2024	
Drive Time in Minutes		Beneficiaries	%	Beneficiaries	%	Beneficiaries	%	Beneficiaries	%	Beneficiaries	%	Beneficiaries	%
At least 1 pharmacy within 15 mins		5,312,655	99.96%	5,297,736	99.96%	5,285,670	99.89%	5,169,165	99.89%	5,027,983	99.86%	5,024,696	99.88%
1 pharmacy beyond 15 mins		2,143	0.04%	2,112	0.04%	5,884	0.11%	5,864	0.11%	7,172	0.14%	6,117	0.12%
At least 1 pharmacy within 30 mins		5,314,706	99.998%	5,299,754	99.998%	5,291,417	99.997%	5,174,895	99.997%	5,034,995	99.997%	5,030,672	99.997%
1 pharmacy beyond 30 mins		92	0.002%	94	0.002%	137	0.003%	134	0.003%	160	0.003%	141	0.003%

Table 1b. TRICARE network pharmacy access by RUCA classification of rural

		56,831 Pharmacies in Network		56,599 Pharmacies in Network		56,068 Pharmacies in Network		55,886 Pharmacies in Network		42,227 Pharmacies in Network		42,453 Pharmacies in Network	
		RURAL classification based on VA RUCA 2.0											
		2019		2020		2021		2022		2023		2024	
Drive Time in Minutes		Beneficiaries	%	Beneficiaries	%	Beneficiaries	%	Beneficiaries	%	Beneficiaries	%	Beneficiaries	%
At least 1 pharmacy within 15 mins		1,651,531	97.29%	1,658,487	97.25%	1,664,081	96.57%	1,646,739	96.33%	1,602,071	94.85%	1,619,400	94.81%
1 pharmacy beyond 15 mins		45,937	2.71%	46,832	2.75%	59,171	3.43%	62,651	3.67%	87,074	5.15%	88,640	5.19%
At least 1 pharmacy within 30 mins		1,692,346	99.70%	1,700,343	99.71%	1,717,588	99.67%	1,703,045	99.63%	1,680,693	99.60%	1,700,081	99.53%
1 pharmacy beyond 30 mins		5,122	0.30%	4,976	0.29%	5,664	0.33%	6,345	0.37%	8,452	0.50%	7,959	0.47%

Table 1c. TRICARE network pharmacy access by RUCA classification of highly rural

	56,831 Pharmacies in Network		56,599 Pharmacies in Network		56,068 Pharmacies in Network		55,886 Pharmacies in Network		42,227 Pharmacies in Network		42,453 Pharmacies in Network	
	HIGHLY RURAL classification based on VA RUCA 2.0											
	2019		2020		2021		2022		2023		2024	
Drive Time in Minutes	Beneficiaries	%	Beneficiaries	%	Beneficiaries	%	Beneficiaries	%	Beneficiaries	%	Beneficiaries	%
At least 1 pharmacy within 15 mins	126,985	83.67%	126,761	83.72%	124,705	82.08%	121,021	80.97%	112,962	76.07%	112,175	75.94%
1 pharmacy beyond 15 mins	24,969	16.43%	24,654	16.28%	27,219	17.92%	28,445	19.03%	35,531	23.93%	35,532	24.06%
At least 1 pharmacy within 30 mins	147,129	96.82%	146,554	96.79%	146,356	96.34%	143,503	96.01%	140,787	94.81%	140,573	95.17%
1 pharmacy beyond 30 mins	4,825	3.18%	4,861	3.21%	5,568	3.66%	5,963	3.99%	7,706	5.19%	7,134	4.83%

(2) The number of TRICARE network pharmacies located in rural or highly rural areas in each of the last 5* years are as follows:

Table 2. The number of TRICARE network pharmacies located in rural or highly rural areas in each of the last 5* years (based on January of each year)

	2019	2020	2021	2022	2023	2024
Classification	Pharmacies	Pharmacies	Pharmacies	Pharmacies	Pharmacies	Pharmacies
Highly Rural	1,948	1,878	1,922	1,803	1,478	1,354
Rural	12,717	12,347	13,516	12,935	9,701	8,135

*2024 data included to provided additional transparency based on data availability and it aligns with table 1a-c.

(3) The number of prescriptions filled at rural or highly rural TRICARE network pharmacies in each of the last 5 years are as follows:

Table 3. The number of prescriptions filled at rural or highly rural TRICARE network pharmacies in each of the last 5 years (total number of prescriptions filled from January through December of each year)

	2019	2020	2021	2022	2023
Classification	Total RXs				
Highly Rural	747,969	731,245	751,300	740,590	672,341
Rural	10,420,621	10,205,661	10,792,681	10,703,521	10,419,164

(4) Rural and highly rural beneficiary satisfaction with their options for accessing the TRICARE Retail Pharmacy Network in each of the last 5 years is as follows:

DHA does not administer TRICARE beneficiary surveys with data specific to rural and highly rural beneficiary satisfaction related to accessing the TRICARE Retail Pharmacy Network. Therefore, DHA is unable to provide this information in this report.

CONCLUSION

The TPharm5 contract is structured to ensure ample and convenient TRICARE beneficiary access to prescription medications as well as maximize savings for the Government. The TPharm5 contract requires a minimum 35,000 pharmacies in the TRICARE retail network and does not set an upper limit for network size, providing an opportunity for pharmacies to participate in the TRICARE retail network. Express Scripts must continue to meet or exceed the Government’s access standard of 90 percent of beneficiaries across the country within a 15-minute drive time to at least one network pharmacy, which far exceeds the Centers for Medicare and Medicaid Services’ 70 percent rural access standard.

DHA continues to provide a robust TRICARE pharmacy retail network as 98 percent of TRICARE beneficiaries across the country live within a 15-minute drive time to at least one network retail pharmacy and more than 99 percent live within a 30-minute drive time. DHA acknowledges a small number of beneficiaries (approximately 6,000 urban, 89,000 rural, and 36,000 highly rural beneficiaries) out of approximately 6.8 million TRICARE beneficiaries³ currently live outside the 15-minute drive time standard. However, if a local in-network pharmacy is not available, TRICARE beneficiaries have other options for filling their medications at the following points of service: MTF pharmacies, TMOP, and retail non-network pharmacies.

In addition, Express Scripts developed tools (accessible via the Express Scripts website and mobile app) to empower and help beneficiaries navigate the TRICARE pharmacy benefit.

- Find-A-Pharmacy (<https://militaryrx.express-scripts.com/find-pharmacy>): Provides real-time listing of TRICARE retail network pharmacies searchable by zip code.
- Price-A-Medication (requires login - <https://militaryrx.express-scripts.com>): Once the beneficiary has an account, allows them to compare the cost of their medication at local network pharmacies (even if the cash price is less costly than one's TRICARE copay) and at TMOP so the beneficiary can find the best value for their prescriptions.

Lastly, Express Scripts conducts an outreach every 12 months targeting TRICARE beneficiary populations not within the 15-minute drive time access standard to inform them of pharmacy services options.

³ Excludes those beneficiaries that reside on a military installation, overseas, or in a U.S. territory as they are not included as part of the network access standards.