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## United States Senate

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November 8, 2022

The Honorable Gilbert R. Cisneros, Jr.  
Under Secretary of Defense for Personnel and Readiness  
4000 Defense Pentagon  
Washington, D.C. 20301-4000

Dear Mr. Cisneros:

I continue to hear from Kansans impacted by the recent change to TRICARE contracts, forcing roughly 15,000 pharmacies out of their Express Scripts (ESI) network nationally. I have heard from several Kansans who live in communities with limited or no pharmacy options available to them.

Based on feedback, I am concerned about the differing rates offered in negotiated contracts under TPharm5 and the health of TRICARE's overall independent pharmacy network. I have heard from several pharmacies in Kansas communities which received a contract with rates described to me as "unacceptable," while another pharmacy in the area did not receive any rate change from 2022. It is my understanding many of these new contracts sent to participating pharmacies reduced reimbursement rates below cost and do not consider pharmacy dispensing fees.

Additionally, I am only aware of one Pharmacy Services Administrative Organization (PSAO) representing roughly 1,200 independent pharmacies which agreed to updated terms. As a member of the Senate Appropriations Subcommittee on Defense and a founding member of the Senate Community Pharmacy Caucus, I am concerned continued reductions in independent pharmacies' participation in this program will reduce beneficiaries' access to pharmaceutical care and also will have negative impacts on the local pharmacies desiring to participate in this important service.

I would also like to know more about TRICARE's plan to maintain pharmacy access standards. The TPharm5 contract changed the access standards to an average drive time calculation, rather than by total mileage. TRICARE's "Find a Pharmacy" tool is an important resource as many beneficiaries are adapting to these changes to in-network pharmacies. This tool must reflect the current network and provide accurate information to the beneficiary. I learned recently that this tool fails to accurately reflect the in-network pharmacies. For example, when attempting to locate a pharmacy in Baxter Springs, Kansas, the top result is "Baxter Drug" on Military Avenue. However, Baxter Drug has been permanently closed since June 8, 2022 and the only

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other in-network pharmacies were removed from the new network following TPharm5 contract changes.

I am concerned that inaccurate information will cause an inconvenience to a beneficiary seeking pharmacy benefits. I am further concerned that inaccurate reporting could curtail access in certain communities based on assumptions that the access standards are currently being met.

Based on these general concerns, I respectfully request answers to the below questions relating to TRICARE's contract changes.

- What are ongoing efforts by TRICARE to ensure their "Find a Pharmacy" tool is accurate and up-to date? Is this the tool TRICARE is using to measure their pharmacy access standards? What efforts is TRICARE undergoing to ensure their new access standards under TPharm5 continue to be met?
- Cigna/Express Scripts (ESI) has said there are more than 7,000 independent pharmacies in their new retail pharmacy network. Can you provide the exact number of independent pharmacies that remain in this new pharmacy network? Can you share the list of the 7,000 plus independent pharmacies that Cigna/ESI says are in the retail network? How is Cigna/ESI defining independent pharmacy?
- Did different types of pharmacies (i.e., chain, grocery, mass merchant, independent) receive different contract terms? How did Cigna/ESI decide which contract terms were offered to different types of pharmacies? How many PSAOs accepted the contract?
- How do reimbursement rates for Cigna/ESI's own mail order pharmacy compare to the reimbursement rates of other retail pharmacies in the network?
- What is Cigna/ESI's reimbursement rate for their own mail order pharmacy compared to the contract terms they offered other pharmacies? Does the Department of Defense (DOD) pay Cigna/ESI administrative fees, on top of reimbursements, for all prescriptions they dispense through their mail order pharmacy? And if so, what is the administrative fee paid to Cigna/ESI to dispense drugs via their mail order facility?
- Does the DOD have requirements for the inclusion of a certain percentage of small business in their contracts? If so, what are the requirements?
- Does the Department of Defense currently have the authority have to adjust contracted reimbursement rates offered to independent pharmacies to match the 2022 contracts? If not, what do you need from Congress to have this authority and the necessary resources?

Sincerely,



Jerry Moran  
United States Senator