SEC. 703. INCLUSION OF TRICARE RETAIL PHARMACY PROGRAM IN FEDERAL PROCUREMENT OF PHARMACEUTICALS.

(a) In General- Section 1074g of title 10, United States Code, is amended--
(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and
(2) by inserting after subsection (e) the following new subsection (f):

“(f) Procurement of Pharmaceuticals by TRICARE Retail Pharmacy Program- With respect to any prescription filled on or after the date of the enactment of the National Defense Authorization Act for Fiscal Year 2008, the TRICARE retail pharmacy program shall be treated as an element of the Department of Defense for purposes of the procurement of drugs by Federal agencies under section 8126 of title 38 to the extent necessary to ensure that pharmaceuticals paid for by the Department of Defense that are provided by pharmacies under the program to eligible covered beneficiaries under this section are subject to the pricing standards in such section 8126.”

(b) Regulations- The Secretary of Defense shall, after consultation with the other administering Secretaries under chapter 55 of title 10, United States Code, modify the regulations under subsection (h) of section 1074g of title 10, United States Code (as redesignated by subsection (a)(1) of this section), to implement the requirements of subsection (f) of section 1074g of title 10, United States Code (as amended by subsection (a)(2) of this section). The Secretary shall so modify such regulations not later than December 31, 2007.