

TRICARE Pharmacy Options

Issue Brief ♦ Health Care Survey of DoD Beneficiaries

HEALTH PROGRAM ANALYSIS & EVALUATION DIRECTORATE

The military health system (MHS) offers its beneficiaries several options that completely or partly cover the cost of drugs. Options include military treatment facility (MTF) pharmacies, pharmacies in TRICARE’s retail network, TRICARE’s mail-order pharmacy (TMOP), and non-network pharmacies. In fiscal year (FY) 2002, the Department of Defense (DoD) spent an estimated \$3 billion on outpatient pharmacy (excluding physician administered drugs)¹ and costs for 2005 exceed \$5 billion.² Costs to DoD differ depending on the pharmacy option beneficiaries choose; the cost of drugs dispensed through MTF pharmacies and the TMOP is typically lower.³

Until recently, military retirees and their family members age 65 and over could obtain TRICARE prescription benefits only by filling prescriptions at MTFs. In 2001, Congress expanded coverage to these beneficiaries to match coverage available to beneficiaries under age 65. Under the TRICARE Senior Pharmacy program (TSRx), retired seniors can now fill their prescriptions at MTF pharmacies, retail pharmacies, the TMOP, or non-network retail pharmacies like other TRICARE beneficiaries.

Pharmacy Choices

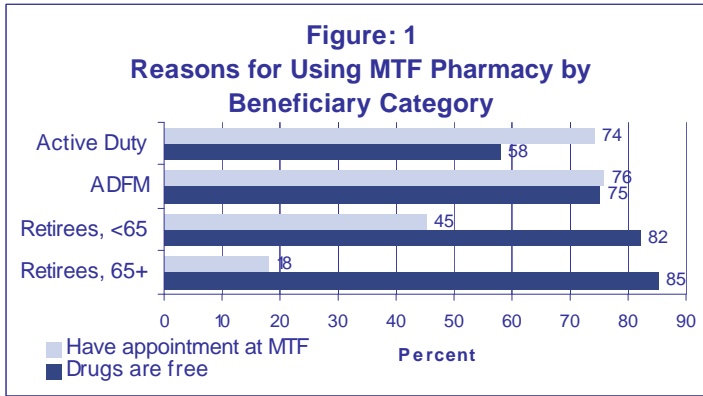
Results from the HCSDB fielded in July, 2005 show that active duty and their families use MTFs more than other pharmacy options, but retirees and their families use the retail network more. The HCSDB asked beneficiaries if they had filled prescriptions in the past 3 months and the type of pharmacy at which they were filled. As shown in Table 1, 77 percent of active duty beneficiaries who filled a prescription reported that they filled one or more at MTF pharmacies, as did 64 percent of active duty family members. In both groups, fewer than half used the retail network.

Beneficiary Category	Percent Using Pharmacy Type		
	MTF	Retail Network	TRICARE Mail Order Pharmacy
Active Duty	77	26*	6*
Active Duty Family Members	64	43*	7*
Retirees and Family, <65	49	53*	18*
Retirees and Family, 65 and over	36	56*	34*

*Differs from percentage using MTF, p<0.05

Among retirees and their dependents, retail network use exceeded MTF use. Fifty-three percent of retirees and their dependents under age 65 and 56 percent age 65 or above reported that they filled prescriptions at a retail network pharmacy, while fewer than half from either retiree group used MTF pharmacies.

The lower cost option of filling prescriptions by mail was not often used by any beneficiary group. Thirty-four percent of retirees and their dependents age 65 or over who filled a prescription and 18 percent of those under 65 used mail order. Only 6 percent of active duty beneficiaries and 7 percent of their family members with prescriptions used the mail-order option.



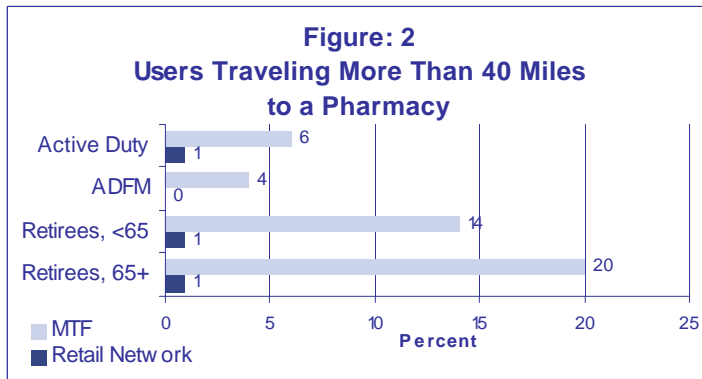
Reasons for Pharmacy Choices

Active duty and their families are more likely to use MTFs than are retirees and their families due to their greater convenience to active duty families and active duty use of MTFs for their health care. As shown by Figure 1, active duty (74 percent) and active duty family member (76 percent) MTF pharmacy users are most likely to report that they used that pharmacy because they had a simultaneous MTF appointment. By contrast, 45 percent of retirees and family members under age 65 who used an MTF pharmacy and only 18 percent age 65 or above were combining an appointment with a pharmacy visit. However, a large majority of MTF users in all beneficiary categories mentioned that they used MTF pharmacies because prescriptions could be filled there at no cost.

Retirees who use MTFs to fill their prescriptions are more likely than active duty users to travel long distances. As indicated by Figure 2, 20 percent of retirees age 65 or over who used MTF pharmacies, traveled more than 40 miles to do so, as did 14 percent of retirees under age 65. However, only 6 percent of active duty and 4 percent of active duty

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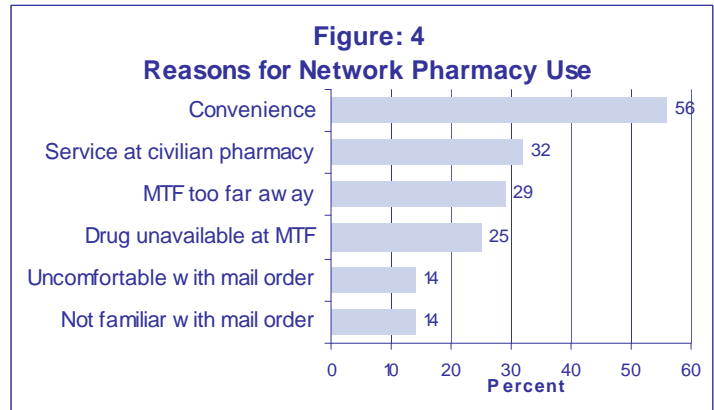
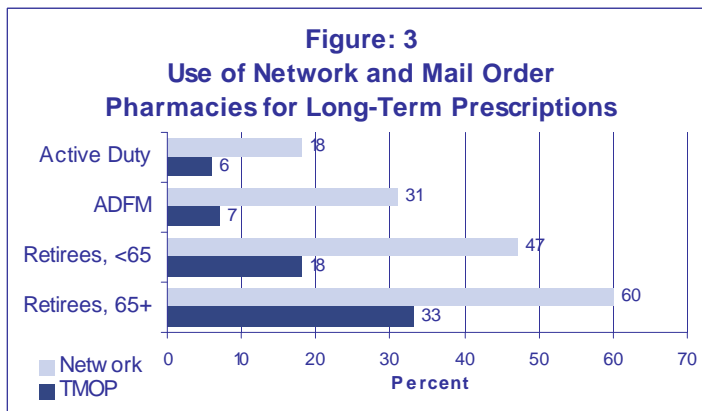
family members traveled such a long distance. The distance traveled to fill prescriptions at MTFs is much greater than the distance traveled to use a network pharmacy. Only 1 percent of beneficiaries of any type said that they traveled more than 40 miles to use a network pharmacy. The small number who traveled such a long distance indicates that network pharmacies are located where they are easily accessible to retirees, though MTFs frequently are not.



TMOP or Retail Pharmacy

As shown in Figure 3, even when beneficiaries are filling a prescription for drugs they are using for more than 90 days, they are much more likely to use a civilian pharmacy than mail order. Forty-seven percent of retirees and family members under age 65 and 60 percent over age 65 report that, in the past 3 months, they have filled a prescription at a civilian network pharmacy for a drug that they are taking for at least 90 days. Only 18 percent of retirees under 65 and 33 percent who are 65 or over have used mail order.

The principal reason for filling these prescriptions at network pharmacies is convenience, mentioned by over half of those who have filled a long-term prescription at a network pharmacy. Most beneficiaries appear not to consider the mail-order option. Figure 4 shows the six most often cited reasons for using civilian network



pharmacies. While 29 percent mention distance from an MTF and 25 percent cite unavailability of medications at MTFs, only 14 percent mention discomfort with mail order or unfamiliarity with mail order.

Conclusion

Though costs to DoD are lowest when beneficiaries use MTF pharmacies or TMOP, these options are now the second and third choices of retirees, behind network pharmacies. With additional base closures upcoming and a substantial proportion of retirees already traveling long distances to use MTF pharmacies, it is likely that use of MTFs relative to other options will decrease. MHS policy makers may save money if they can divert retirees to TMOP or MTFs, by increasing the cost to beneficiaries of using civilian pharmacies, by making more drugs available through TMOP or MTF pharmacies, by reducing TMOP cost-sharing, or by finding new ways of advertising to their retired beneficiaries the advantages of using mail order.

Sources

¹ Malkin, JD, Joyce, G, Pace, J, Croghan, T. Determinants of Dispensing Location in the TRICARE Senior Pharmacy Program. National Defense Research Institute and Rand Health. 2005. Santa Monica, CA.

² Basu, Sandra “DoD Looks Closely at Its Formulary in the Face of Rising Drug Costs,” U.S. Medicine, June 2005.

³ General Accounting Office. “Mail Order Pharmacies: DOD’s Use of VA’s Mail Pharmacy Could Produce Savings and Other Benefits.” Washington, DC: General Accounting Office. GAO-05-555. June 2005.

Health Care Survey of DoD Beneficiaries, fielded July, 2005. N= 2,471 active duty, 1,835 family member, 3,062 retired and family members under 65, 2,025 retired and family member age 65 and over, pharmacy users.