

Why GAO Did This Study

DOD offers a pharmacy benefit to TRICARE beneficiaries who may obtain prescriptions from TRICARE's mail-order program, MTF pharmacies, or retail pharmacies. In 2013, the DOD Inspector General reported it was more cost efficient to fill prescriptions through mail order than retail pharmacies. To reduce costs, the National Defense Authorization Act (NDAA) for Fiscal Year 2013 required DOD to implement a pilot for certain TRICARE beneficiaries to obtain covered brand maintenance medications through mail order or MTF pharmacies. Under NDAA 2015, the pilot terminates at the end of fiscal year 2015, after which the pilot requirements are to be expanded to all eligible TRICARE beneficiaries.

The NDAA 2015 included a provision for GAO to examine the pilot. This report examines the extent to which DOD has (1) monitored whether covered brand maintenance medications were available, and prescriptions were filled on time and accurately, (2) monitored the satisfaction of participating beneficiaries, (3) achieved expected cost savings, and (4) prepared for the expansion. GAO reviewed and analyzed pilot performance and beneficiary satisfaction data, and cost savings estimates, and interviewed DOD officials and other stakeholders.

What GAO Recommends

GAO recommends that DOD develop a monitoring plan as part of its expansion planning documents. DOD concurred with GAO's recommendation.

View GAO-15-768. For more information, contact Debra A. Draper at (202) 512-7114 or draperd@gao.gov.

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TRICARE PHARMACY PILOT

Improved Monitoring Needed with Expansion of Pilot Requirements

What GAO Found

For covered brand maintenance medications—those medications that are taken on a regular and recurring basis—the Department of Defense (DOD) has not fully monitored availability or the timeliness and accuracy of prescriptions filled for the TRICARE for Life Pharmacy Pilot. Specifically, GAO found that for the

- **mail-order program:** DOD has monitored the availability of medications. It has also established and monitored performance standards on the timeliness and accuracy of prescriptions filled through mail order for all of TRICARE, but has not separately monitored performance through mail order for the pilot.
- **military-treatment-facility (MTF) pharmacies:** DOD has not established or systematically monitored performance standards for the pilot on the availability of covered medications, or the timeliness and accuracy of prescriptions filled across MTF pharmacies.

Federal internal control standards suggest that agencies establish and review performance standards and monitor performance data to assess the quality of performance over time. Without fully monitoring the pilot's performance, DOD does not know whether it is working as intended, information that would be beneficial given the upcoming expansion of its requirements to all eligible TRICARE beneficiaries.

DOD has not monitored the extent to which beneficiaries were satisfied with the transfer of prescriptions to mail order or MTF pharmacies for the pilot. DOD officials said they relied on the results from a quarterly survey of TRICARE mail-order users to assess the satisfaction of pilot beneficiaries. However, other DOD officials who monitor the survey data said they do not know how representative the respondents are of pilot beneficiaries making the use of these data for this purpose questionable. Moreover, DOD has not monitored satisfaction of pilot beneficiaries across MTF pharmacies. Federal internal control standards require agencies to obtain information from external stakeholders to assess if they are achieving their goals, and to monitor and assess the quality of performance over time to ensure that issues are resolved. Without this stakeholder input, DOD lacks important information as to whether pilot beneficiaries faced any difficulties, including with obtaining their medications.

DOD appears to have achieved its expected cost savings based on estimates GAO reviewed. For the first year of the pilot, DOD's estimated cost savings were approximately \$123 million based on the prescriptions for covered medications filled through mail order. This was comparable to DOD's projected cost savings of \$120 million, an estimate that DOD developed prior to the start of the pilot.

DOD has issued regulations, but not finalized planning documents for the expansion of the pilot requirements. Officials said that they are in the process of developing planning documents, which will generally model those that were developed for the pilot. Given the limited monitoring conducted during the pilot, as it finalizes its planning documents for the expansion of the pilot to all eligible TRICARE beneficiaries, DOD would benefit from developing a robust monitoring process of affected beneficiaries, including the availability of medications, the timeliness and accuracy of prescriptions filled, and beneficiary satisfaction.