Chapter 8 Section 9.1

Pharmacy Benefits Program

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Revision: C-71, October 5, 2020

1.0 DESCRIPTION

1.1 General

The TRICARE Pharmacy (TPharm) benefit includes Military Treatment Facilities (MTFs)/ Enhanced Multi-Service Markets (eMSMs), retail and mail order prescription services, medications administered by physicians and other appropriate clinicians, and pharmaceutical agents provided in support of home health care. TRICARE uses a number of contractors to administer the benefit.

1.2 Prescription Services

1.2.1 Contractors administering the TPharm benefit are responsible for adjudicating claims related to pharmaceuticals dispensed by an authorized provider with a National Council of Prescription Drug Program (NCPDP) or other nationally recognized pharmacy designation.

1.2.2 Contractors administering the TPharm benefit shall follow TRICARE formulary rules in accordance with 32 CFR 199.21.

1.2.3 The Department of Defense (DoD) Pharmacy and Therapeutics (P&T) Committee decisions and formulary information are available at https://www.health.mil/formulary.

1.2.4 Additional retail and home delivery prescription service can be found in the TRICARE Operations Manual (TOM), Chapter 23.

1.3 Medical Claims That Include Pharmaceutical Agents

1.3.1 Pharmaceutical agents supplied by physicians and other appropriate clinicians, and pharmaceutical agents provided in support of home health care (e.g., home infusion therapy) are processed under the medical benefit.

1.3.2 If preauthorized by the medical contractor, pharmaceutical agents (e.g., injectables) not appropriate for self-administration shall be obtained through the TPharm benefit and:

1.3.2.1 Administered by the physician or other appropriate clinician; or

1.3.2.2 Administered in the home pursuant to Section 20.1.

1.4 Overseas Claims

The TRICARE overseas claims processor (see the TOM, Chapter 24, Section 9) processes pharmaceutical claims from most overseas locations, excluding U.S. territories.

2.0 POLICY

2.1 Formulary

2.1.1 Formulary management will be the responsibility of the Government as defined by 32 CFR 199.21, Pharmacy Benefits Program. This regulation establishes:

2.1.1.1 Procedures for the inclusion of pharmaceutical agents on a Uniform Formulary based upon relative clinical effectiveness and cost effectiveness;

2.1.1.2 Cost-sharing requirements, including a tiered copayment structure, for generic, formulary and non-formulary pharmaceutical agents;

2.1.1.3 Procedures to assure the availability of pharmaceutical agents not included on the Uniform Formulary to eligible beneficiaries at the non-formulary cost-share tier;

2.1.1.4 Procedures to provide, when clinically necessary, pharmaceutical agents not included on the Uniform Formulary under the same terms and conditions as an agent on the Uniform Formulary;

2.1.1.5 Procedures to assure the availability of clinically appropriate non-formulary pharmaceutical agents to members of the uniformed services;

2.1.1.6 Procedures for prior authorization when required; and

2.1.1.7 A DoD P&T Committee and a Uniform Formulary Beneficiary Advisory Panel.

2.1.2 All formulary decisions for the TPharm benefit, to include prior authorization requirements, designation of non-formulary agents, complete or partial exclusion for the TPharm benefit, quantity limits, and/or other medication use policies will be available via the published DoD P&T Committee minutes at https://www.health.mil/formulary.

2.2 General Prescription Coverage

2.2.1 The Pharmacy Benefits Program generally requires mandatory substitution of generic drugs in accordance with 32 CFR 199.21(j)(2). Where the law of a specific state prohibits generic substitution of a specific drug, the contractor, at the direction of the Government, shall be able to process the brand product.

2.2.2 Eligible beneficiaries shall pay a copayment for drug claims that are cost-shared under the Pharmacy Benefit Program in accordance with the TRICARE Reimbursement Manual (TRM), Chapter 2, Addendum B. Section 702 of National Defense Authorization Act (NDAA) 2018 states the cost-sharing amounts for a dependent of a member of uniformed services who dies while on active duty, a member

retired under Chapter 61, or a dependent of a member retired under such chapter shall remain at the January 1, 2018 cost-share rates.

2.2.3 TRICARE is the secondary payer on claims where Other Health Insurance (OHI) coverage exists. OHI claims are reimbursed in accordance with TRM, Chapter 4, Section 3. Reimbursement shall be the lesser of the TRICARE allowed amount or the remaining amount after OHI payment.

2.2.4 Cost-sharing of pharmaceuticals is determined by formulary status as described in Chapter 199.21. Types of pharmaceuticals include, but are not limited to:

- Legend drugs;
- Pharmaceutical agents grandfathered by the Federal Food, Drug and Cosmetic Act of 1938 if U.S. Food and Drug Administration (FDA) approved;
- Insulin and related supplies for known diabetics, even if a prescription is not required by state law;
- Immunizations/vaccines;
- Legend vitamins, including prenatal vitamins;
- Smoking cessation products; and
- Over-the-counter (OTC) medications.

2.2.5 The DoD establishes criteria for certain pharmaceutical agents. Information regarding pharmaceutical agents, criteria and request forms, are available at https://www.tricare.mil/CoveredServices/Pharmacy/FillPrescriptions.

2.2.6 NDAA Fiscal Year (FY) 2015, Section 702 mandates beneficiaries to obtain select brand name maintenance medications from the TMOP or the MTF/eMSM pharmacy beginning October 1, 2015. Active Duty Service Members (ADSMs) are exempt.

2.2.6.1 Maintenance medications are defined as medications prescribed for a chronic, long-term condition that is taken on a regular, recurring basis. Those maintenance medications which are clinically appropriate and cost-effective to dispense at TMOP will be included in the program as select maintenance medications.

2.2.6.2 DHA will establish, maintain, and periodically revise and update a list of select maintenance medications accessible at http://www.health.mil/SelectDrugList and by telephone through the pharmacy contractor's call center.

2.2.6.3 The NDAA authorizes a waiver of the mail order requirement based upon patient needs and other appropriate circumstances. This waiver is obtained through an administrative override request to the TPharm contractor under procedures established by the Director, DHA or designee. There is a blanket waiver for prescription medications that are for acute care needs. There is also a blanket waiver for prescriptions covered by OHI. There is a case-by-case waiver to permit prescription maintenance

medication refills at a retail pharmacy when necessary due to personal need or hardship, emergency, or other special circumstances (i.e., nursing home residents).

2.2.6.4 Beneficiaries shall be advised that they may receive up to two, 30-day fills at a retail pharmacy while they transition their prescription. The beneficiary shall be contacted after each of these two fills and advised that the prescription must be filled at an MTF/eMSM Pharmacy or through home delivery. Requests for a third fill at a retail pharmacy shall be blocked and the beneficiary advised to call the TPharm contractor for assistance.

2.2.6.5 A fill is considered the dispensing of a prescription for:

2.2.6.5.1 A medication, strength and form that has not previously appeared on the patient's pharmacy profile; or

2.2.6.5.2 The same medication, strength and form that is already on the patient's pharmacy profile.

3.0 EXCLUSIONS

3.1 Pharmaceutical agents prescribed or furnished by a member of the patient's immediate family or a person living in the beneficiary's or sponsor's household.

3.2 Pharmaceutical agents, including compounded preparations, which are available over the counter, unless designated by the DoD P&T Committee.

3.3 Generally, TRICARE will not cost-share non-FDA approved pharmaceuticals as described in 32 CFR 199.4(g)(15).

3.3.1 Certain cancer drugs, designated as "Group C", approved and distributed by the National Cancer Institute and Treatment Investigational New Drugs (INDs) are not covered without a waiver as described in 32 CFR 199.4(e)(26). However medical care related to the use of these drugs shall be cost-shared when the patient's medical condition warrants their administration and care is provided in accordance with generally accepted standards of medical practice.

3.3.2 Orphan drugs used in the treatment of rare diseases are reviewed case-by-case by the Government in accordance with 32 CFR 199.4(g)(15)(iii).

3.3.3 Off-label use of a drug or device, as defined in 32 CFR 199.2, shall not be cost shared unless the contractor determines the off-label use is medically necessary and demonstrations from medical literature, national organizations, or technology assessment bodies show that the off-label use of the drug or biologic is safe, effective and in accordance with nationally accepted standards of practice in the medical community.

3.3.3.1 Approval for reimbursement of off-label uses of drugs and biologics reimbursed by the medical program shall be provided by the medical contractor.

3.3.3.2 Drugs provided by the TRICARE Overseas Program (TOP) will continue to follow the policies established in TOM, Chapters 12 and 24, and the TOP contract.

3.3.4 Refer to 32 CFR 199 for exceptions of these exclusions.

3.4 Medical foods are not covered under the TPharm benefit. The term "medical food", as defined in section 5(b) of the Orphan Drug Act (21 USC § 360ee(b)(3)) is "a food which is formulated to be consumed or administered enterally under the supervision of a physician, and which is intended for the specific dietary management of a disease or condition for which distinctive nutritional requirements, based on recognized scientific principles, are established by medical evaluation."

4.0 PRICING STANDARDS FOR RETAIL PHARMACY PROGRAM

If a manufacturer has not executed an agreement as required by 10 USC 1074g(f), then the prescription shall not be filled by the network retail pharmacy unless the patient/pharmacy has obtained a preauthorization for the drug.

5.0 EFFECTIVE DATES

5.1 Labeled uses: the date of FDA approval for the specific indication.

5.2 Off-label uses: the date that medical literature as described in paragraph 3.3.3 establishes the safety and efficacy of the drug for that specific use.

5.3 Orphan pharmaceutical agents: the date of FDA marketing approval.

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