EVERNORTH
HEALTH SERVICES

Written Testimony of
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Chairman Tuberville, Ranking Member Warren, and members of the Subcommittee, thank you for the opportunity to be here today.

My name is Adam Kautzner, and I serve as President of Express Scripts and Evernorth Care Management. Express Scripts and Evernorth Care Management are a part of Evernorth Health Services, which is one of two businesses that make up The Cigna Group. Evernorth delivers leading pharmacy, care, benefit, and specialty services designed to improve patient health outcomes and reduce costs across the health care system. Within Evernorth, Express Scripts Pharmacy Benefit Services helps people access needed medications and care while working to make prescription benefits more affordable.

We are honored to serve military families and retirees by administering the pharmacy benefit on behalf of the Defense Health Agency for more than nine million TRICARE beneficiaries. Active-duty service members, retirees, and military families depend on the TRICARE Pharmacy Program wherever they live and wherever they serve. Ensuring they have reliable access to medications around the world is a responsibility we take seriously.

This responsibility is personal to me. I began my career as a hospital pharmacist caring for some of the sickest patients in our country. When I was diagnosed with Stage IV melanoma, I experienced firsthand how access to innovative medicines can save a life.

My message today is straightforward: the TRICARE Pharmacy Program is delivering dependable access, high beneficiary satisfaction, and strong value for the Department and American taxpayers.

Congress established the program to provide consistent prescription coverage to TRICARE beneficiaries. There are clearly defined roles:

- Congress sets the benefit structure and determines beneficiary cost-sharing.
- The Defense Health Agency determines which medications are covered and establishes program policy and operations.
- The Defense Logistics Agency purchases medications dispensed by military pharmacies and the TRICARE Mail Order Pharmacy.
- Our role is to administer the pharmacy benefit – in partnership with DHA – under the Government-established framework, with all savings generated through our contracted services passed directly back to the Government.

This structure is important because it separates benefit design from administration; creates clear accountability; and aligns incentives around beneficiary service, transparency, and

responsible stewardship of taxpayer resources. Express Scripts only functions as the administrator.

The TRICARE Pharmacy Program: Access, Value, and Accountability

The TRICARE Pharmacy Program brings together retail pharmacies, military pharmacies, specialty pharmacy services, and the TRICARE Mail Order Pharmacy to provide safe, reliable access to prescription medications while helping the Department manage rising pharmaceutical costs and maintain military readiness.

For service members and their families, the program helps ensure they can obtain needed medications wherever they live and wherever they serve. For the Department and taxpayers, it provides a pharmacy benefit that delivers dependable access while responsibly managing taxpayer resources.

In 2023, the TRICARE Pharmacy Program represented less than 1% of total Department spending and approximately 15% of overall military health spending. Importantly, the pharmacy benefit services contract is one of the few major TRICARE contracts that has become more affordable in recent procurements.[1]

This efficiency and effectiveness help preserve defense resources for force readiness while allowing Congress and the Department to invest in other critical military priorities.

TPharm5: Transparent Administration, Rigorous Oversight, and Beneficiary Satisfaction

TPharm5, the Department's fifth-generation pharmacy services contract, represents the latest evolution in the Department's commitment to delivering high-quality, cost-effective pharmacy benefits. It was awarded to our company in August 2021 through a competitive procurement process. Implementation began in 2021, with pharmacy services beginning on January 1, 2023.

We perform claims processing, retail pharmacy network management, TRICARE Mail Order Pharmacy dispensing, specialty pharmacy support, and related clinical services under a structure designed for transparency and accountability to the Defense Health Agency.

The Defense Health Agency maintains rigorous oversight of every aspect of the contract, including operations, clinical care, and financial performance. The contract requires more than one hundred separate reports, resulting in more than a thousand submissions to the Defense Health Agency each year across daily, weekly, quarterly, and annual reporting requirements.

Every day, we are accountable for ensuring access, affordability, operational excellence, and stewardship of taxpayer resources. Behind every prescription, every shipment, and every claim is a service member, military family member, or retiree who deserves access to high-quality pharmacy care. That responsibility guides every aspect of how we administer this program.

The beneficiary experience reflects that commitment. According to 2025 beneficiary survey results, more than 90% of beneficiaries reported being satisfied with their pharmacy experience,

[1] U.S. Government Accountability Office, *Defense Health Care: Key Characteristics of TRICARE Contracts*, GAO-25-107370 (April 24, 2025), https://www.gao.gov/products/gao-25-107370.

and more than 90% were satisfied with services provided through the TRICARE Mail Order Pharmacy. Among beneficiaries using Accredo Specialty Pharmacy services through the TRICARE Mail Order Pharmacy, satisfaction reached 96%.

Clear Limits on Our Role

We are compensated through fixed administrative fees established in the contract with the Department. Those fees are not tied to medication prices and negotiated savings are passed directly through to the Government.

We do not establish beneficiary copayments, determine which medications are covered or require prior authorization, purchase medications for the TRICARE Mail Order Pharmacy, negotiate pharmaceutical manufacturer rebates, or engage in spread pricing.

We take our responsibility seriously because the people we serve have earned nothing less. Our commitment is to execute the Defense Health Agency's contract with precision and care – not only by meeting our obligations, but by continuing to improve how beneficiaries experience the pharmacy benefit.

Retail Pharmacy Network: Reliable Access While Reducing Costs

One of our core responsibilities under TPharm5 is maintaining a retail pharmacy network that meets or exceeds the Defense Health Agency's access standards at a price that delivers value to taxpayers. Pharmacy networks help balance access and affordability by creating a structured system that supports reliable access while managing costs. TPharm5 requires at least 35,000 pharmacy locations nationwide and requires us to ensure beneficiaries can reach a pharmacy within defined drive-time standards.

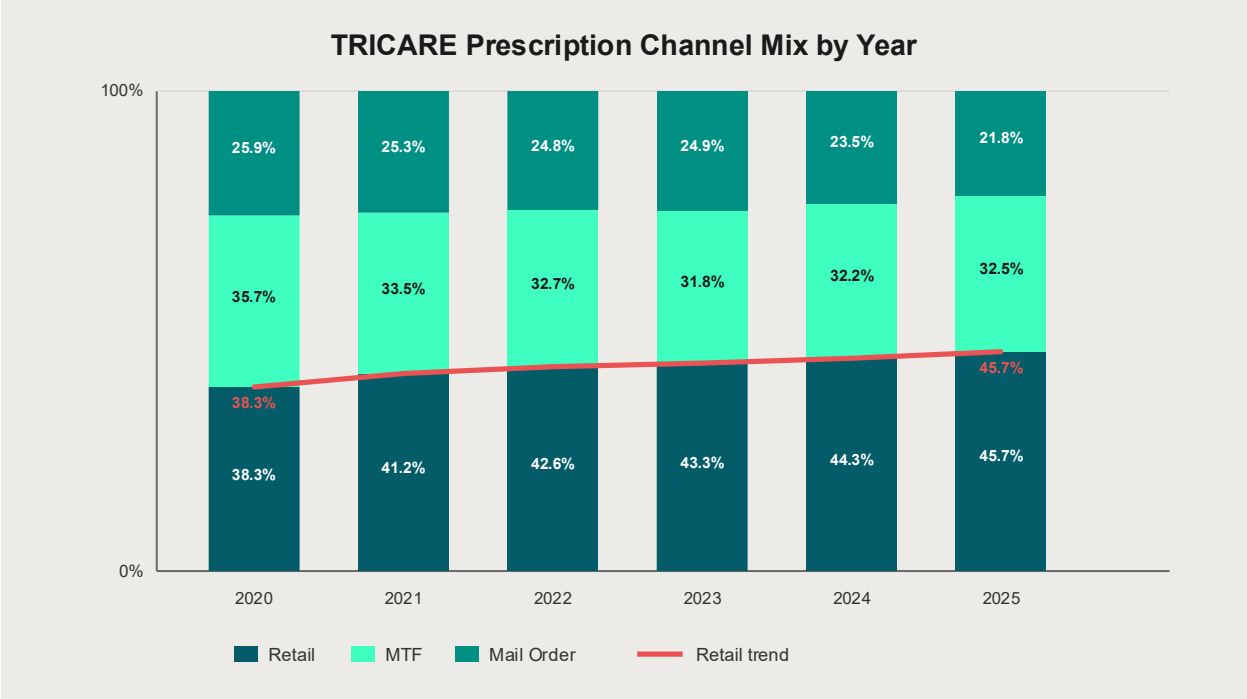
We are proud to substantially outperform DHA's metrics. Today, more than 46,000 retail pharmacies across the country and in U.S. territories voluntarily participate in the TRICARE network – exceeding the requirement by 11,000 locations. This broad network provides 98% of beneficiaries across America with a retail option within 15 minutes of home, exceeding the contractual access requirement.

We have also meaningfully expanded participation among independent pharmacies: the network includes more than 16,000 independent pharmacies, representing 36% of the total network.

With the rise of low-cost generic medications, a local retail pharmacy can be the most affordable choice for TRICARE beneficiaries. When a beneficiary uses a retail pharmacy for generic medications, we work with pharmacies to deliver access to the lowest available retail price. For many generic medications, this can result in lower costs at retail pharmacies than through the TRICARE Mail Order Pharmacy, a difference reflected in price transparency tools available to TRICARE beneficiaries.

Even with a more focused retail network floor required by TPharm5 compared to the fourth-generation contract, retail utilization has ***increased, not decreased***, since the transition to

TPharm5. At the same time, we have delivered $142 million in additional savings to the Government since the start of TPharm5.



Transition from TPharm4 to TPharm5

The retail network transition from TPharm4 to TPharm5 reflected the Defense Health Agency's careful consideration of pharmacy utilization among TRICARE beneficiaries. The Government Accountability Office (GAO) reviewed the transition to TPharm5 in 2025 and concluded that the contract changes were made "with the goal of improving service for beneficiaries and saving money for military families and taxpayers."[2]

We recognize that large-scale network transitions can be disruptive. We work hard to support patients through any transition, proactively contacting them, advising them on other in-network options in their area, and offering 24/7 support. To assist beneficiaries during the TPharm5 transition, we implemented a comprehensive notification, education, and customer service plan and we coordinated closely with the Defense Health Agency, providers, military treatment facilities, and TRICARE medical benefit contractors.

All network pharmacies were given the opportunity to remain in the TRICARE network at rates designed to deliver the best value to the Government while maintaining beneficiary access. Large Pharmacy Services Administrative Organizations (PSAOs) that negotiate on behalf of thousands of independent pharmacies declined the contract, in some cases without

[2] U.S. Government Accountability Office, *Defense Health Care: DOD Should Improve Monitoring of TRICARE Beneficiaries' Access to Prescription Drugs*, GAO-25-107187 (Feb. 13, 2025), https://www.gao.gov/products/GAO-25-107187.

communicating that decision to the pharmacies. In addition, half of the pharmacies that did not accept the contract had limited TRICARE claims in the six months prior (<50), and more than a quarter had zero claims. We directly solicited and contracted with thousands of independent pharmacies and the network remains open for independent pharmacies to join at any time. As a result of these efforts, independent pharmacy participation has more than doubled since the start of TPharm5.

TRICARE Mail Order Pharmacy: Access, Readiness, and Value

The TRICARE Mail Order Pharmacy is an essential component of the pharmacy benefit and an important resource for supporting long-term access, military readiness, and responsible stewardship of taxpayer resources.

The TRICARE Mail Order Pharmacy provides beneficiaries with home delivery of up to a 90-day supply of medications and allows the Government to utilize Federal Supply Schedule pricing, generating meaningful savings for brand and specialty medications. For many beneficiaries, particularly those managing chronic conditions or living overseas, mail order provides a reliable, convenient way to receive maintenance medications without interrupting care.

Our role is to dispense and deliver traditional and specialty medications, provide 24/7 clinical support from pharmacists when needed, and help beneficiaries understand their pharmacy options.

Through Express Scripts Pharmacy, we ship millions of prescriptions each year to beneficiaries around the world in confidential, tamper-evident, weather-resistant packaging with greater than 99.9996% accuracy. We deliver to homes throughout the United States and its territories, Army Post Office and Fleet Post Office addresses, and U.S. Embassies and Consulates, ensuring service members and their families can receive up to 90-day prescriptions wherever they live or serve.[3] For medications requiring temperature control, specialized packaging and climate-specific shipping methods help ensure products arrive safely and effectively.

Beyond dispensing medications, beneficiaries have virtual access to pharmacists 24 hours a day, seven days a week, along with digital tools that allow them to locate the nearest retail pharmacy, compare prices, request refills, track shipments, and receive medication reminders. Innovative labeling technologies, including talking prescription labels and Braille labeling capabilities, enable patients with visual, print, and language challenges to easily access and understand critical prescription information, supporting safer medication use and improved adherence.

Government Value

The TRICARE Mail Order Pharmacy is designed to create value for the Government. We do not purchase medications dispensed through the TRICARE Mail Order Pharmacy; instead, the Defense Logistics Agency purchases them using Federal Supply Schedule pricing. We are

[3] Home delivery is not available in Germany due to prohibitions within the Status of Forces Agreement (SOFA); service members use a military pharmacy or host nation pharmacies to fill prescriptions.

compensated through fixed administrative fees that are not tied to the price of any medication. These design features intentionally separate financial incentives from benefit administration.

The Government has repeatedly recognized the value of the TRICARE Mail Order Pharmacy, and federal evaluations have reached similar conclusions. The GAO previously found that continued use and promotion of the TRICARE Mail Order Pharmacy was important to lowering federal prescription drug spending.[4] A 2013 Inspector General report found the TRICARE Mail Order Pharmacy more efficient and effective than retail programs, with cost savings to the Department and potentially reduced health risks for beneficiaries.[5]

Congress reinforced those findings by establishing a pilot in the FY2013 NDAA for TRICARE for Life beneficiaries that required use of military pharmacies or the TRICARE Mail Order Pharmacy for certain brand maintenance medications.[6] After the pilot demonstrated that beneficiaries successfully transitioned maintenance medications to military pharmacies or home delivery, increasing use of lower-cost dispensing channels, Congress expanded the pilot to all TRICARE beneficiaries in the FY2015 NDAA.[7] This Congressionally directed expansion requires certain brand maintenance medications to be dispensed by either a military pharmacy or the TRICARE Mail Order Pharmacy after two 30-day courtesy fills at a retail pharmacy. Importantly, the brand maintenance medications required to be dispensed at military pharmacies or through the TRICARE Mail Order Pharmacy are directed by the Department's Pharmacy & Therapeutics Committee, not our company.

Meaningful Choice Across Pharmacy Channels

When Congress authorized the TRICARE Mail Order Pharmacy as one of the four channels of service, it was not intended to replace community pharmacies, nor should it. The TRICARE Pharmacy Program works because each delivery channel serves a different purpose, allowing beneficiaries to receive medications through the channel that best meets their clinical needs.

Since implementation of TPharm5, retail pharmacy use has increased while mail order utilization has declined. That trend demonstrates that beneficiaries continue to have meaningful choice and that the program functions as Congress intended.

Accredo Specialty Pharmacy: Better Care for Complex Conditions

One of the most important enhancements under TPharm5 is the addition of Accredo Specialty Pharmacy into the TRICARE Mail Order Pharmacy. This addition was a component of the TPharm5 competitive procurement process and was implemented in March 2024.

Specialty medications are among the fastest growing components of prescription drug spending. These therapies often treat serious, complex, chronic, or rare conditions and

[4] U.S. Government Accountability Office, *DOD Pharmacy Program: Continued Efforts Needed to Reduce Growth in Spending at Retail Pharmacies*, GAO-08-327 (April 4, 2008), https://www.gao.gov/products/gao-08-327.
[5] Department of Defense Office of the Inspector General, *The TRICARE Mail Order Program Was Cost Efficient and Adequate Dispensing Controls Were in Place*, Report No. DODIG-2013-108 (July 24, 2013), https://media.defense.gov/2013/Jul/24/2001712904/-1/-1/1/DODIG-2013-108.pdf.
[6] National Defense Authorization Act for Fiscal Year 2013, PL 112-239 (2013).
[7] National Defense Authorization Act for Fiscal Year 2015, PL 113-291 (2015); *see also* 32 CFR §199.21.

frequently require specialized handling, temperature-controlled shipping, intensive clinical monitoring, physician coordination, and ongoing patient education.

Accredo is a nationally accredited specialty pharmacy that supports patients with complex conditions by pairing them with experienced, disease-specific multi-disciplinary teams that include specialty pharmacists, social workers, and patient care advocates. That support extends well beyond dispensing medication and includes customized patient education, adherence coaching, physician coordination, side effect monitoring, and clinical interventions designed to improve outcomes while reducing avoidable complications. Accredo supports patients across dozens of complex disease states, including oncology, pulmonary hypertension, multiple sclerosis, cystic fibrosis, hepatitis C, blood disorders, autoimmune diseases, and many rare conditions.

Accredo's specialized clinical model provides nationwide home delivery, site-of-care coordination, around-the-clock access to specialty clinicians, customized care protocols, prescriber collaboration, adherence support, financial assistance resources, and access to limited-distribution and exclusive-distribution therapies that are often unavailable through traditional pharmacies.

For the Department, the addition of Accredo into the TRICARE Mail Order Pharmacy allows expensive specialty medications to be purchased at Federal Supply Schedule pricing, generating significant savings while providing beneficiaries with lower copayments and expanded clinical support. For specialty medications dispensed for the TRICARE Mail Order Pharmacy, Accredo is compensated through fixed administrative fees that are not linked to medication prices.

Clinical Support That Makes a Difference

For beneficiaries facing life-threatening or highly complex conditions, these capabilities make a meaningful difference. In one case, a TRICARE beneficiary receiving treatment for pulmonary arterial hypertension began experiencing significant side effects after a dose increase. Accredo's clinical team quickly identified the problem, contacted the treating physician, supported an appropriate dose adjustment, and ensured the patient transitioned safely to an alternative therapy without interrupting treatment.

In another case, a beneficiary experienced a severe allergic reaction following a specialty medication injection. Accredo pharmacists responded urgently, advised the patient on immediate next steps, coordinated with the treating provider, and helped prevent further exposure until the patient's care plan could be safely reassessed. The intervention helped the patient avoid an emergency department visit or hospitalization while ensuring they received timely clinical support.

These examples illustrate an important point: specialty pharmacy is not simply about dispensing high-cost medications. It is about delivering the specialized clinical support necessary to help patients achieve better outcomes while ensuring taxpayer resources are used wisely. Before Accredo's integration into the TRICARE Mail Order Pharmacy, this level of coordinated,

specialty pharmacy support was not available to TRICARE beneficiaries across the Pharmacy Program.

Commitment to Continuous Improvement for TRICARE Beneficiaries and Taxpayers

The TRICARE Pharmacy Program succeeds because it delivers what Congress intended: reliable access for military families, responsible stewardship of taxpayer dollars, and unwavering support for the readiness of the men and women who serve our nation.

We operate within the Government-established framework and remain committed to continuous improvement as the needs of the military evolve. We welcome the opportunity to work with this Subcommittee, the Defense Health Agency, and the broader military health community to ensure the TRICARE Pharmacy Program continues to deliver high-quality care, dependable access, and strong value for service members, retirees, their families, and taxpayers.