



**OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
HEALTH AFFAIRS
SKYLINE FIVE, SUITE 810, 5111 LEESBURG PIKE
FALLS CHURCH, VIRGINIA 22041-3206**

TRICARE
MANAGEMENT
ACTIVITY

Dear Pharmaceutical Manufacturer:

Based on experience and interactions with the manufacturers over the past few years, the Department intends to implement several efficiencies in the procedures used to administer the Federal Retail Refund Program. These enhancements should streamline the administrative processes for the program, while improving auditability and transparency for both industry and the government. As a means of implementing these changes, please find the enclosed Amendment of the DoD Retail Pricing Agreement between TMA and "The Manufacturer".

This letter is to advise you that the process for updating the pricing information for new covered drugs and new NDC's for existing covered drugs on the DoD Retail Refund Pricing Agreement Appendix A or TRICARE Retail Refunds Website (TRRWS) Covered Drug List has changed. As of now, DoD will calculate the amount owed by manufacturers to DoD based on the non-FAMP and FCP reported to the Department of Veterans Affairs (VA) each year in November to honor the pricing standards required by 10 U.S.C § 1074g(f) and 32 CFR 199.21(q)(1). The Department recognizes that the annual non-FAMP as reported by the manufacturers to the VA and the annual FCP calculated by the VA, may change slightly during the course of the year following contract reviews and OIG determinations. The Department will request, from the VA, the current annual FCP and the annual non-FAMP from which it was derived prior to compiling each quarterly invoice. The pricing data obtained will be applicable to all prescriptions filled during each respective quarter. These quarterly updates to the annual non-FAMP and annual FCP (emphasis on annual), should not be mistaken for the quarterly reporting of non-FAMP by manufacturers. This new process will eliminate unnecessary burdens on both manufacturers and TMA.

Additionally, as a result of the reconciliation of the annual non-FAMP and the current annual FCP pricing information previously reported by manufacturers to both TMA and the VA, there may be adjustments to prior quarter calculations. Prior quarter adjustment invoices will be mailed at least 30 days prior to the scheduled payment due date, which will be no earlier than 70 days from the date the revised utilization data are made available. If a manufacturer believes TMA's calculation of the debt is incorrect, the manufacturer may dispute the accuracy of the utilization data from which the debt was calculated in accordance with the procedures provided at 32 C.F.R. section 199.21 (q)(3)(iv) via the TRRWS.

Please complete the manufacturer's portion of the DoD Retail Refunds Pricing Agreement Amendment and email to UFVARR@tma.osd.mil no later than 2 July 2012.

It is our hope that by implementing the revised TRICARE Retail Refund Program procedures, we will provide an efficient means for manufacturers to discharge in a timely manner, their statutory obligation to pay refunds for all prescriptions required law. Thank you for your cooperation. TMA Point of Contact is Captain Nita Sood, Pharm.D., USPHS, Chief of Staff, Pharmaceutical Operations Directorate, TMA. She may be reached by phone at 703.681.8494 or by email at UFVARR@tma.osd.mil.

Sincerely,



Thomas J. McGinnis
Rear Admiral, RPh, USPHS
Chief, Pharmaceutical Operations Directorate

Enclosure

Amendment of DoD Retail Refund Pricing Agreement
Between
TMA
And
The Manufacturer

The purpose of this Amendment is to clarify and streamline processes and to eliminate unnecessary burdens on both TMA and the Manufacturer related to updating and maintaining the information in the current Appendix A. This amendment eliminates the need for the Manufacturer to update Appendix A with its new covered drugs and new NDCs for existing covered drugs. Additionally, as DoD will calculate the amount owed by the Manufacturer to DoD based on the non-FAMP and FCP reported to the Department of Veterans Affairs (DVA)*, there is no need for the Manufacturer to report those amounts, or updates thereto, to DoD.

Appendix A of the Retail Refund Pricing Agreement dated _____ is replaced with the following:

“Each covered drug of the manufacturer under 38 U.S.C. 8126, as defined in 32 CFR 199.21(q)(2)(iii), is covered by this Agreement.”

*DoD calculations will be based upon the units reported on the TRICARE Retail Utilization reports. This calculation by DoD does not relieve the manufacturer of its obligation to report sales to DVA by package.

All other terms and conditions of the Retail Refund Pricing Agreement remain unchanged.

Approved this _____ day of _____, 2012:

Approved this ____ day of _____, 2012:

The Manufacturer

RADM Thomas J. McGinnis, RPh, USPHS
Chief, Pharmaceutical Operations Directorate, TMA

Amendment of DoD Retail Refund Pricing Agreement
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The purpose of this Amendment is to clarify and streamline processes and to eliminate unnecessary burdens on both TMA and the Manufacturer related to updating and maintaining the information in the current Appendix A. This amendment eliminates the need for the Manufacturer to update Appendix A with its new covered drugs and new NDCs for existing covered drugs. Additionally, as DoD will calculate the amount owed by the Manufacturer to DoD based on the non-FAMP and FCP reported to the Department of Veterans Affairs (DVA)*, there is no need for the Manufacturer to report those amounts, or updates thereto, to DoD.

Appendix A of the Retail Refund Pricing Agreement dated _____ is replaced with the following:

“Each covered drug of the manufacturer under 38 U.S.C. 8126, as defined in 32 CFR 199.21(q)(2)(iii), is covered by this Agreement.”

*DoD calculations will be based upon the units reported on the TRICARE Retail Utilization reports. This calculation by DoD does not relieve the manufacturer of its obligation to report sales to DVA by package.

All other terms and conditions of the Retail Refund Pricing Agreement remain unchanged.

Approved this _____ day of _____, 2012:

Approved this ____ day of _____, 2012:

The Manufacturer

RADM Thomas J. McGinnis, RPh, USPHS
Chief, Pharmaceutical Operations Directorate, TMA