1. Introduction

The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2000,\textsuperscript{1} titled the Pharmacy Benefits Redesign Program, requires the Department of Defense (DoD) to integrate its pharmacy programs by creating a single Uniform Formulary (UF) to govern Military Health System (MHS) beneficiaries’ access to outpatient pharmaceuticals. The proposed UF (i.e., a uniform list of covered drugs) introduces a three-tier co-payment price structure based on the classification of a drug as generic, formulary, or non-formulary and based on the point of service (i.e., military treatment facility [MTF], retail network pharmacy, retail non-network pharmacy, or the National Mail Order Pharmacy [NMOP]).

Although the schedule for implementation of the UF itself has not been finalized, the NDAA mandates that certain requirements be met when the proposed UF is implemented. Those requirements include the establishment of the following:

- Procedures for evaluating the relative clinical effectiveness and cost effectiveness of alternative pharmaceutical agents\textsuperscript{2} and for incorporating the assessments of alternative pharmaceuticals into decisions on the content of the formulary
- Procedures to assure patient access to clinically appropriate non-formulary pharmaceutical agents
- Procedures for prior authorization to prescribe a drug not included in the UF, when required
- Cost-sharing determinations (that is, the share the patient or sponsor will be required to pay) for all classes of drugs (i.e., generic, formulary, and non-formulary agents)
- A Pharmacy and Therapeutics (P&T) committee charged with developing and maintaining a list of pharmaceutical agents covered by MHS health programs

\textsuperscript{1}Public Law 106-65, codified at Title 10, U.S. Code, Section 1074g.
\textsuperscript{2}“Alternative pharmaceutical agents” in this context refers to agents other than the most costly or newest agents or those most likely to be prescribed. These agents may include generic brands, lower-cost or older analogs, or, in some cases, agents with another mode of action.
• A Uniform Formulary Beneficiary Advisory Panel charged with overseeing formulary development and with overseeing the implementation of and subsequent changes to the UF
• A Pharmacy Data Transaction Service (PDTS)—a database that will track all MTF, NMOP, and network prescriptions
• A prescriber survey, with “prescribers” defined as physicians, physician assistants, and nurse practitioners with prescribing privileges who are subject to the UF.

The TRICARE Management Activity (TMA) asked RAND’s National Defense Research Institute to design and conduct the prescriber surveys required by the NDAA statute. The NDAA legislation specifically requires two confidential surveys, one conducted pre-implementation and another conducted post-implementation. Data from the initial baseline (pre-implementation) survey are summarized in this report. The follow-up (post-implementation) survey will be administered approximately six months subsequent to implementation of the UF, which at the time of this writing was projected to occur in mid-2003.

The goal of the baseline and follow-up surveys is to measure and evaluate the perceptions of prescribers who practice at MTFs and under TRICARE contract regarding obstacles to providing beneficiaries with formulary medications, non-formulary medications (or “non-preferred” medications as they may currently be called), and quality pharmacotherapeutic care. The baseline survey, described in this report, assesses how prescribers’ perceptions of and attitudes toward formularies may be currently influencing their decisions on prescribing pharmaceutical products. The follow-up survey will assess changes in prescribing behaviors and in prescribers’ perceptions and attitudes about formulary management in general, as well as assess prescribers’ actual experiences with the DoD UF in particular.

Specifically, these surveys are designed to answer key questions on three issues posed by the NDAA:

• **Access to clinically indicated drug therapy**: How often during the most recent fiscal year did prescribers attempt to prescribe non-formulary or non-preferred prescription drugs, how often were they able to do so, and were covered beneficiaries able to get such prescriptions filled without undue delay?

• **Formulary development**: To what extent do prescribers understand formulary processes and the reasons why the MTFs or the civilian
contractors (providers) outside MTFs prefer certain pharmaceuticals to others?

- **Formulary decisions and patient care**: What has been the impact of formulary restrictions on clinical decisions? What are prescribers’ opinions of a formulary’s impact on the aggregate cost, quality, and accessibility of health care provided to covered beneficiaries?

The primary purpose of this report is to describe RAND’s progress on the survey effort to date. In Chapter 2, we describe the proposed UF in more detail. We provide background information on the formulary systems in place prior to the FY 2000 NDAA, which provides the context for measuring the impact of the UF. In Chapter 3, we discuss development of the survey instrument and our sampling strategy. In Chapter 4, we provide an overview of our fielding and implementation methods and response analysis. In Chapter 5, we present the survey responses for each sample population, (i.e., direct-care prescribers and purchased-care prescribers), and in Chapter 6, we summarize our findings and conclusions and discuss the next steps in this research.