



## Support the State Prescription Drug Purchasing Bill (HF 1093)

We urge you to vote for the State Prescription Drug Purchasing Bill (HF 1093) authored by Rep. Tina Liebling which will remove drug coverage from DHS's contracts with the HMOs. Because the Medical Assistance and MinnesotaCare HMOs contract with Pharmacy Benefit Managers (PBMs), the bill also removes Pharmacy Benefit Managers, PBMs. The state will be the drug purchaser and will reimburse independent pharmacies fairly for their local Medical Assistance and MinnesotaCare patients with the payments needed to stay in business. Therefore, Minnesota Independent Pharmacies (MNIndys) and legislators of both parties support the bill.

Problem: There are currently two middlemen between DHS and pharmacists: HMOs and the PBMs that the HMOs contract with. The HMOs contract with the PBMs to negotiate drug prices with drug manufacturers. The state currently runs **15%** of the Medical Assistance program and leaving PBMs to run the rest. The state pays pharmacies about **\$10.17** per prescription, whereas the PBMs pay as low as **\$0.10**.

Initially, PBMs were supposed to:

- Negotiate drug prices with the pharmaceutical companies,
- Determine which drugs will be covered by insurance plans,
- Pocket some of the savings, and
- Set reimbursement rates for the pharmacies.

As PBMs' power grew:

- They demanded bigger rebates from drug manufacturers,
- Pocketed bigger shares of those savings, and
- Lowered pharmacy reimbursement rates, which is driving independent pharmacies out of business,
- Resulting in only 156 Minnesota pharmacies today after a loss of 344 since 1996 when Minnesota had 500.

### Solution

In place of the PBMs, the Department of Human Services Commissioner will administer and oversee a prescription drug purchasing program for Medical Assistance and MinnesotaCare enrollees that will provide a fair reimbursement rates for independent pharmacies.

- Prescription drugs will be available at the lowest possible cost to program enrollees.
- Pharmacy claims will be fairly adjudicated, and the prices will be paid to the pharmacies which will keep them in business. (Kentucky did the same with a "state hired and controlled" PBM – <https://ncpa.org/newsroom/qam/2023/11/08/kentucky-saved-282-million-single-pbm>)
- Health will be promoted through the purchase and provision of discounted drugs and coordination of comprehensive drug benefit services.
- A list of recommended prescription drugs will be maintained as the most effective available drugs at the best possible prices.
- Terms and conditions will be set for all enrolled pharmacies who participate in the program.
- The commissioner shall enroll all pharmacies participating as medical assistance providers, and any other licensed pharmacy willing to accept the terms and conditions in the program.

Program expansion to benefit all Minnesotans

- Eventually, the program could benefit all Minnesotans by negotiating for lower prices for all and allowing self-insured employers, private health plans, and individuals to get their prescriptions through this program.