



305 Roselawn Ave E ▪ Suite 200 ▪ St. Paul, MN 55117
Phone: (651) 639-1223 ▪ www.mfu.org

March 30, 2023

Chair Matt Klein
Senate Commerce and Consumer Protection Committee
2105 Minnesota Senate Building
95 University Ave. W
St. Paul, MN 55155

Dear Chair Klein and committee members:

On behalf of Minnesota Farmers Union (MFU), I write to share our strong support for inclusion of Sen. Kelly Morrison's bill (SF168) in the Omnibus Commerce and Consumer Protection Finance Bill (SF2744). This language will establish a Prescription Drug Affordability Board to stop price-gouging of the medicine that Minnesotans, including family farmers, rely on every day.

MFU is a grassroots organization that has represented Minnesota's family farmers, ranchers and rural communities since 1918. At our annual convention in November, members voted to make healthcare affordability our number one priority for this coming legislative session. With health care prices in Minnesota rising by over 15 percent since 2016, it is no surprise why our members made this the top priority.ⁱ In 2019, Minnesotans spent \$5.6 billion just on prescription drugs at retail, which was up over 6% from the year prior.ⁱⁱ

These costs show up in rising health insurance premiums, with prescription drugs accounting for about 25% of premium costs. As independent business owners, farmers disproportionately face high prices on the individual insurance market, leading them to seek off-farm work or forgo coverage altogether—a decision that could prove financially devastating.

Our members are also concerned about the increasing concentration in healthcare and across the economy, voting to make limiting corporate control and promoting competition MFU's number two priority. From 1995 to 2015, the 60 largest pharmaceutical companies merged to only 10.ⁱⁱⁱ In 2017 just four companies produced more than 50 percent of all generic drugs. This merger wave has given drug manufacturers massive market power that allows them to gouge Minnesotans. A study from the University of Pittsburg revealed that drug companies raked in \$8.6 trillion in profits from 2000 to 2018 simply by raising the prices of the most common drugs on the market.^{iv}

Establishing a Prescription Drug Affordability Board will give Minnesota the ability to hold powerful drug companies accountable by serving as a watchdog with the authority to set fair upper payment limits for prescription drug costs. The PDAB, along with new prohibitions on excessive price-gouging of generic prescription drugs, will help Minnesotans afford the medications they need and reign in overall healthcare costs.

The language from SF168 is a critical step in addressing our highly concentrated and costly healthcare system. Thank you again for prioritizing this issue in your omnibus bill and incorporating this common-sense proposal. If you have any questions, please contact our

Government Relations Director, Stu Lourey, at stu@mfu.org or (320) 232-2047 (C). Thank you for considering the needs and perspectives of Minnesota's farm families.

Sincerely,

A handwritten signature in black ink that reads "Gary Wertish". The signature is written in a cursive style with a large, looped "G" and a long, sweeping "W".

Gary Wertish
President, Minnesota Farmers Union

ⁱ <https://www.health.state.mn.us/data/economics/docs/hcspendingbrief.pdf>

ⁱⁱ <https://www.health.state.mn.us/data/economics/chartbook/docs/section1.pdf>

ⁱⁱⁱ <https://www.washingtonpost.com/outlook/2021/04/06/drug-companies-keep-merging-why-thats-bad-consumers-innovation/>

^{iv} <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2018.05147>