

March 21, 2023

Chair Melissa Wiklund
Minnesota Senate
2107 Minnesota Senate Bldg.
St. Paul, MN 55155

Chair Tina Liebling
Minnesota House of Representatives
477 State Office Building
St. Paul, MN 55155

RE: HF1752/SF2067 Establishes a prescription drug purchasing program

Dear Chair Wiklund and Chair Liebling,

Hennepin Healthcare, Hennepin County Human Services, Hennepin County Public Health, NorthPoint Health and Wellness Center and Hennepin Health together serve over 400,000 people, many of whom use multiple services, across Hennepin County and beyond each year.

We write today with strong concerns related to HF1752/SF2067 to establish a prescription drug purchasing program, moving drug purchasing out of the managed care program. This will result in a loss of the discount to 340B outpatient medications provided through Medicaid Managed Care organizations at Hennepin Healthcare in-house clinic pharmacies and NorthPoint, and create a major barrier to the effective coordination of health care across medical, pharmacy and dental domains. This is an estimated \$10M loss for our safety net health system.

The Menges report published in March 2022 looked at various state Medicaid models and the data supported that states should take advantage of Medicaid MCO's prescription drug cost management acumen, rather than utilizing the Fee-for-service model. Allowing Medicaid MCOs to utilize their tools resulted in lower PRE-rebate costs per prescription (\$82.49 for MCOs vs \$112.06 for FFS plans) as well as lower POST-rebate costs per prescription (\$37.87 MCOs vs \$45.40 for FFS – 3 year data total).

Our entities collectively take an integrated and innovative approach to providing health care and social services and to reducing disparities in Hennepin County and beyond. The Hennepin Health model has repeatedly won national awards for its integrated, comprehensive and cost-effective approach to providing health care and social services holistically while supporting the safety net. The people we serve experience the overlapping barriers of housing instability, chronic medical conditions, and behavioral health needs at high rates. We are committed to providing services that help people to keep their health care coverage and access cost-effective, preventative health care that is core to keeping our communities healthy.

The 340B program was intended to help spread scarce federal resources to those hospitals and clinics that care for the uninsured and the underinsured. The money saved helps to provide services for underserved patient populations. Examples of how 340B savings are utilized, and what is at risk, across our systems include:

Hennepin Healthcare

- **No Cost Medications for Uninsured Patients** is a critical piece of the mission at Hennepin Healthcare and in 2022, we provided over \$8M in medications to our underinsured patients. Allowing our patients to have access to medications without the cost barrier, decreases Emergency Room visits and improved outcomes for their health.
- **Coordinated Care Clinic** offers walk-in access, close medical follow-up after hospitalization, regular oversight by clinic pharmacists through medication therapy management, and intensive attention to behavioral and social determinants of health. Clinic-based nurse coordinators and social workers team to organize and facilitate care within the health system as well as the community. Most patients are experiencing housing instability and have been frequent users of Emergency Department care.
- **Medication Therapy Management (MTM)** allows pharmacists to help patients better understand their medication. Provided at the (organ) Transplant Clinic, Positive Care Clinic (care for HIV/AIDS positive individuals), Comprehensive Cancer Center, and more. Pharmacists based in our clinics provide comprehensive medical reviews and medication teaching to some of our most vulnerable patients. One study showed a 50% reduction in readmissions, over two months, with the intervention of pharmacists and pharmacy residents.
- **Spiritual Care** is an integral part of the healing process. At Hennepin Healthcare, the interfaith chaplains are privileged to provide care and support to patients and family members who are facing a health crisis, new diagnosis, end of life, loss, difficult treatment decisions, loneliness, or other needs of support—while respecting their culture, religion, value systems, traditions, and faith communities.
- **Trauma Informed Care** asks what happened to you, not what's wrong with you. Hennepin Healthcare staff receive continuous training to learn more about trauma, its impact on patients and families, including how staff can take care of themselves and each other in stressful situations.
- **Food and Housing Needs** are as important as health care when it comes to wellness. Hennepin Healthcare is committed to addressing and providing support for underlying social determinants like food and housing needs. Eating the right foods can make a big difference in your overall health and wellbeing and having a safe place to stay leads to better health outcomes. Providing support for these areas prevents additional illness and poor health.

Hennepin Health

In addition to the significant adverse impacts to the safety-net providers that participate in the 340B program, a carve-out of pharmacy benefits would create a major barrier to effective care coordination for Hennepin Health members. The integration of care across the entire spectrum of resident needs – from medical to pharmacy to social services – is an essential feature of the success of the Hennepin health model. Over 70% of Hennepin Health members that use medical services also use pharmacy services. Care coordinators utilize a holistic model of care when working with residents, this bill would increase fragmentation and introduce additional challenges to their work. Furthermore, over 5% of the population served by Hennepin Health is currently experiencing homelessness, and carving-out benefits into distinct networks makes it

more difficult for members to access care through a single network of providers and pharmacies.

Many of the diagnoses that Hennepin Health members have are most effectively treated with a combination of medical and pharmaceutical interventions in a coordinated manner. More specifically, approximately 21% of Hennepin Health members have been diagnosed with substance use disorder, and deaths from opioid use disorder reached a record high in Hennepin County and Minnesota in 2021. Medication assisted therapy is an essential component of the recommended treatment for opioid use disorder, and coordination of this with medical health care would be made significantly more difficult. Similarly, 33% of Hennepin Health members have a psychiatric disorder and 48% have been diagnosed with a chronic medical condition, such as heart disease or diabetes, which commonly require multiple medications to manage effectively.

Losses in 340B are **most** damaging to safety-net providers, as a 340B eligible provider, you must serve at least 11.75% Medicaid/Medicare, which means we are getting reimbursed less for more complex patients, and 340B is intended to subsidize these shortfalls so providers can continue to accept Medicaid patients. Given the fragile financial position of these safety-net providers, policy changes that jeopardize any piece of the net on which they rely, including the 340B program, can threaten their ability to maintain critical services, including programs that 340B makes possible.

There are significant resources involved with 340B program participation, including the cost of hiring the appropriate staff, such as pharmacists and pharmacy technicians, to ensure compliance, appropriate billing software and audit response, with the program's very technical and evolving requirements.

Preserving the intent of the 340B program will better serve Minnesotans, and will allow our entities to provide exceptional care without exception.

Sincerely,



**Commissioner Irene
Fernando**
Board Chair
Hennepin County



Jennifer DeCubellis
Chief Executive Officer
Hennepin Healthcare
System



Anne Kanyusik Yoakum
Chief Executive Officer
Hennepin Health