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March 22, 2023

Chair Melissa Wiklund  
Senate Health and Human Services Committee  
2107 Minnesota Senate Building  
95 University Ave. W  
St. Paul, MN 55155

Dear Chair Wiklund and committee members:

On behalf of Minnesota Farmers Union (MFU), I write to share our support of SF2067, which would help protect rural pharmacies and lower prescription drug costs for individuals covered by Medical Assistance or MinnesotaCare.

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 and protecting competition in the marketplace, top priorities for this coming legislative session. This proposal helps address both concerns.

Minnesota lost 30% of its small, independently owned pharmacies, more than any other state from 2010 to 2019, according to a survey by the Pharmaceutical Care Management Association.<sup>i</sup> The loss of independent pharmacies can leave rural communities without a provider of prescription drugs and other services such as vaccinations, while also reducing the number of main street businesses.

Surveys suggest that independent pharmacies outperform large drugstore chains on price, quality of care and wait times, yet are still disappearing.<sup>ii</sup> A significant reason for the loss of community pharmacies is consolidation among pharmacy benefit managers (PBM). Just three PBMs manage nearly 80 percent of prescription drug claims and all three are integrated into large insurers and operate their own mail-order pharmacies.<sup>iii</sup> The largest PBM, CVS Caremark, also controls the largest pharmacy chain in the country.<sup>iv</sup>

Under SF2067, the Department of Human Services (DHS) would administer the pharmacy benefit for Medical Assistance and MinnesotaCare instead of Managed Care Organizations (MCOs) through their PBMs. This proposal would enable the state to save money that currently goes to administrative costs and PBM profits.

West Virginia provides a powerful example of the potential benefits for Minnesotans. The state implemented the model envisioned by SF2067 in 2017 and now covers 550,000 Medicaid enrollees, much less than the over one million Minnesotans covered by Medical Assistance and MinnesotaCare.<sup>v</sup> This prescription drug carve-out led to a savings of \$54.5 million in 2018 and changes to the state's reimbursement methodology during the carve-out process led to an infusion of \$122 million in dispensing fees to the state's pharmacy community instead of out-of-state PBMs.<sup>vi</sup>

Thank you to Chair Wiklund for authoring this legislation. MFU hopes the rest of the committee will follow her lead and support this important bill, which will help patients and our local communities.

If you have any questions, please contact our Government Relations Director, Stu Lourey, at [stu@mfu.org](mailto: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, prominent "G" and "W".

Gary Wertish  
President, Minnesota Farmers Union

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<sup>i</sup> <https://www.startribune.com/independent-family-pharmacies-struggle-to-survive/572928111/?refresh=true>

<sup>ii</sup> <https://www.consumerreports.org/pharmacies/consumers-still-prefer-independent-pharmacies-consumer-reports-ratings-show/>

<sup>iii</sup> <https://www.hirc.com/PBM-market-landscape-and-imperatives>

<sup>iv</sup> <https://ilsr.org/fighting-monopoly-power/pharmacy/>

<sup>v</sup> <https://mn.gov/dhs/medicaid-matters/who-medicaid-and-minnesotacare-serves/>

<sup>vi</sup> <https://nashp.org/states-assert-their-drug-purchasing-power-to-capture-savings-for-medicaid>