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March 14, 2024

Senate Commerce and Consumer Protection Committee
2105 Minnesota Senate Bldg.
St. Paul, MN 55155

Dear Chair Klein and Members of the Committee:

The Minnesota Council of Health Plans is an association of nonprofit health plans whose mission is to get Minnesotans the affordable, equitable and quality-based care they need today and in the future. Our members – BlueCross and BlueShield of Minnesota, HealthPartners, Medica, Sanford Health Plan of Minnesota, and UCare – provide more than 4.6 million Minnesotans with health care coverage. The Council is concerned about the language in Section 1 regarding the application of copay assistance to insurance deductibles. The goal of SF 4065 is to reduce medical debt and although the language in Section 1 is intended to lower costs for patients, it entrenches a policy that leads to higher costs overall and increased profits for drug manufacturers.

Copay assistance programs are a tactic used by drug manufacturers to acquire and maintain patient market share and maximize profits. These programs are typically used for the most expensive drugs on the market to promote these drugs and encourage patients to stay on them. This leads to incentivizing the use of an expensive drug when a cheaper alternative may be available or when a more effective drug enters the market. If drug manufacturers are sincere in their effort to decrease patient costs at the pharmacy counter, they should lower their prices for everyone.

Council member plans in the fully insured market do not prohibit enrollees from using copay assistance programs, however those amounts do not count towards an enrollee's deductible because that portion of the copay is not being paid by the enrollee. A deductible is a set amount of money the enrollee agrees to pay out of pocket for health care expenses which helps offset premium costs. Who is making these payments is especially important for those with high deductible plans with health savings accounts. Those enrollees are granted the tax benefit of an HSA assuming they are paying their deductible. If a third party is paying towards the deductible this will have implications with tax laws governing HSAs.

The high costs of prescription drugs is a serious problem facing many Minnesotans. However, there is no language in SF 4065 to address the root cause of the problem, which is the price manufacturers charge for their drugs. Drug manufacturers will claim copay assistance is needed because of increases in deductibles and cost sharing, but they fail to acknowledge this is in response to the increasing costs of health care, largely due to drug manufacturers increasing the costs of their medications year after year.

We appreciate Representative Reyer reaching out to the Council to discuss Section 1 and we are committed to working with her as this bill progresses to ensure its impact is to lower health care costs, maintain stability in the market, and help Minnesotans gain access to needed care.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lucas Nesse', with a stylized, flowing script.

Lucas Nesse
President and CEO