

April 15, 2024

Dear Senators:

On behalf of the Domestic Policy Caucus, I am writing to express our opposition to the expansion of 340B, the federal law on prescription drugs, which S.F. 5301, Article 3, Section 3, would create in Minnesota.

340B was meant to help low-income people afford their medicines. Unfortunately, “The financial benefits of the 340B discounts are accruing almost entirely to hospitals, clinics, and physicians; and patients’ out-of-pocket costs and total cost of care are being increased.”<sup>1</sup> Indeed, the profit has become a major revenue source for providers, with seemingly little care from the providers about the impact on the ability of patients to have their medical needs satisfied or about the impact on the states in which they operate.

As a legislator, you should ask why 1,399 of the 3,660 contract pharmacies that Minnesota 340B entities operate are located in other states<sup>2</sup>—from Florida to Hawaii to Texas to California and many more.

We are very much concerned that an expansion of 340B would hand over even more economic power to massive, national chain pharmacies that have driven so many local, mom-and-pop pharmacies out of business over the past several years. Haven’t the likes of Walmart and Walgreens done enough to harm main streets across Minnesota?

S.F. 5301 would create an economic environment in which incentives would be put in place to encourage even more consolidation of healthcare systems, to put healthcare farther out of reach of rural Minnesotans, and to imperil the ability of underserved Minnesotans to receive the medications they need, all while lining the pockets of big healthcare systems and giant chain pharmacies. Meanwhile, it would do nothing to reduce healthcare costs, which is what everyone really wants. Indeed, it probably would actually increase costs while resulting in poorer health outcomes.

As you know, pharmacies are essential to the communities they serve. But in Minnesota and throughout America, rural independent drugstores are struggling.

In a 2022 policy brief,<sup>3</sup> the Rural Policy Research Institute reported this troubling fact: The number of independently owned retail pharmacies declined by 16 percent in the United States between 2003 and 2021. According to NPR,<sup>4</sup> that has contributed to the appearance of what are called “pharmacy deserts”—areas where residents must drive more than 15 minutes to a drugstore.

GoodRx has produced a map<sup>5</sup> of the nation’s pharmacy deserts showing that hundreds of thousands of rural and suburban Minnesotans have inadequate access to a drug store—in fact, only Ramsey County has no pharmacy desert, and in more than two dozen Minnesota counties, 100% of the residents live more than 15 minutes from the three closest pharmacies.

According to the Minneapolis Star Tribune,<sup>6</sup> over the last decade, Minnesota has lost more independent drug stores than any other state. S.F. 5301 would exacerbate the problem. In 2023 alone,<sup>7</sup> 24 pharmacies

<sup>1</sup> <https://jamanetwork.com/journals/jama/article-abstract/1680369>

<sup>2</sup> [https://public.tableau.com/app/profile/fred.lewis5131/viz/MN\\_Dashboard\\_340B/Sheet2](https://public.tableau.com/app/profile/fred.lewis5131/viz/MN_Dashboard_340B/Sheet2)

<sup>3</sup> <https://rupri.public-health.uiowa.edu/publications/policybriefs/2022/Independent%20Pharmacy%20Closures.pdf>

<sup>4</sup> <https://www.kmuw.org/the-range/2024-02-02/independent-pharmacies-struggle-to-stay-open>

<sup>5</sup> <https://www.goodrx.com/healthcare-access/research/healthcare-deserts-80-percent-of-country-lacks-adequate-healthcare-access>

<sup>6</sup> <https://www.startribune.com/minnesota-is-losing-independent-pharmacies-victims-scale-and-efficiency-drugstore-consolidation-pbms/600324746/>

<sup>7</sup> <https://www.startribune.com/minnesota-is-losing-independent-pharmacies-victims-scale-and-efficiency-drugstore-consolidation-pbms/600324746/>

closed in Minnesota, according to the Minnesota Pharmacists Association: 6 were part of national chains, 1 was in the Thrifty White regional chain, and 17 were independents. So, at the end of 2023, there were only 126 independent pharmacies left in the state.<sup>8</sup>

Disparities in access to care and health outcomes for rural, underserved, and minority populations have long been significant issues. Any policy that could further restrict the availability of medicines to these populations—or force them to travel farther to obtain them—needs to take the issue of health equity into consideration.

There should be much more discussion, analysis, and debate before determining whether to head down this uncertain and troubling healthcare policy path.

Please don't be like the legislator in our cartoon. Vote against 340B expansion in Minnesota—oppose S.F. 5301.

Thank you,



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<sup>8</sup> <https://www.startribune.com/minnesota-is-losing-independent-pharmacies-victims-scale-and-efficiency-drugstore-consolidation-pbms/600324746/>