March 11, 2025

Dear Members of the Senate Commerce and Consumer Protection Committee,

On behalf of the Minnesota Chamber of Commerce, representing 6,300 employers and their more than 500,000 employees across the state, I am writing to share our concerns with several bills on the Committee agenda today.

SF 1806

This bill limits the extent to which the prescription drug formularies associated with private, fully insured health insurance plans can be changed during the plan year. While the goal of such proposals has merit, the real-world impact of these types of proposals is often increased costs associated with prescription drug benefits. Due to the fact that formularies are one of the few tools available to plan sponsors to help control prescription drug costs, fiscal notes have provided varying cost estimates for similar proposals over the years when applied to state public programs.

However, it is important to note that that the provision included in this bill is NOT applied to state public programs like Medical Assistance and MinnesotaCare. Too often, cost increasing health insurance coverage and regulatory mandates, like this one, are applied legislatively to the fully insured commercial market without applying those same standards to taxpayer funded public programs. If there is an interest in moving forward legislation to change the way formularies are used in Minnesota, we believe the same standard should be applied both to commercial plans and state public programs.

SF 1877

This bill requires a health plan's prescription drug rebates to be passed along to consumers at the point of sale, to reduce out of pocket costs. Here again, while the goal of this proposal has merit, the impact of such a change would lead to increased premiums for covered by the health plan. In May 2019, the Congressional Budget Office (CBO) analyzed a similar proposal being considered in the federal Medicare program. In its analysis, the CBO noted that rebates are currently used to reduce premiums for all beneficiaries in a given health plan. "If those rebates were no longer paid directly to plans," CBO said, "premiums would rise."

We would also point out that, similar to SF 1806, the changes proposed in this bill would NOT apply to the state's public programs – only to the state-regulated, fully-insured commercial market.

Minnesota has the 9th highest family premiums and the 13th highest individual premiums in the country for employer sponsored insurance. According to the Minnesota Department of Health, since 2017, Minnesota families have reported among the highest median health care spending in the country. We

ask the Legislature to carefully consider the impact of bills, like these, that have the potential to add to the health insurance affordability burden that many Minnesotans are already struggling with.

Thank you for the opportunity to provide this input.

Sincerely,

Bentley Graves
Director, Health Care & Transportation Policy