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March 18, 2025

Senate Health and Human Services Committee
Minnesota Senate Office Building
Saint Paul, Minnesota 55155

Dear Chair Wiklund, Lead Utke, and Members of the Committee,

We are writing to express our concern over SF 1574 which establishes a single state pharmacy benefit manager (PBM).

Minnesota implemented Managed Care almost 40 years ago to provide better access to care for Minnesotans served by public programs and financial certainty for the state. Through care coordination, enrollees receive optimal care, providers are better informed and compensated, and there is less wasteful spending on unnecessary testing or duplicative procedures. Care coordination means serving the whole person and managed care is most effective when care management extends across all health care services.

Prescription drugs are a central component of these services and separating this benefit from the Managed Care Organizations (MCO) and moving them to a separate PBM will have a number of downstream impacts for enrollees. We should look to the other states who have implemented similar policies and learn from the challenges they have experienced.

Data: After moving to a single PBM, it has been difficult for MCOs to get clean data from the state's selected PBM. This makes it challenging for MCOs to understand which enrollees may have a new diagnosis as evidenced by new prescriptions, to do medication therapy management, to stratify for clinical program enrollment, to identify enrollees that may have medication adherence issues, and to manage the pharmacy lock-in program to assist enrollees with high potential for medication misuse. The lack of clean data has also caused concern for Medicaid risk adjustment purposes.

Administrative Burden: Under a single state PBM, MCOs have no flexibility nor ability to negotiate a contract with the state-selected PBM. This has resulted in contracts requiring convoluted processes for MCOs to pay the PBM for services and validate invoices. In other states, it took over six months to implement the new vendor to include file exchanges and to operationalize.

Member Experience: In other states, moving to a single PBM has created unnecessary challenges for enrollees. Enrollees have been faced with excessive call center wait times with the single PBM. When they eventually hang up and call their MCO, the MCOs have limited ability to answer questions related to their prescriptions or to help facilitate solutions. Despite the other states having established portals to assist with data access for MCOs, the data was not always current, and plans were not always receiving the data.

We urge the committee to consider the data challenges, administrative burden, and poor member experience that implementing SF 1574 would create and to oppose this bill.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lucas Nesse', with a stylized flourish at the end.

Lucas Nesse
President and CEO