

Directed Pharmacy Dispensing Payment Program

Keep pharmacies open in Minnesota's rural and underserved communities through a directed pharmacy dispensing payment life-line - HF1100/SF2152



Minnesota must step up to keep pharmacies viable amid closures

Recently, Minnesota has seen some of the most pharmacy closures in America. Between 2013 and 2023 Minnesota lost 61% of all non-chain community pharmacies. Another 39% of chain and regional chain pharmacies closed in that same period. In 2024, another 32 pharmacies closed in Minnesota. As of 2024, 17% of Minnesotans live in a zip code without a pharmacy, with many more at risk if additional pharmacies close.

Towns that no longer have pharmacies just since 2006 include: Adams, Arlington, Ashby, Avon, Babbitt, Belgrade, Browns Valley, Byron, Clara City, Clarkfield, Clearbrook, Comfrey, Dallas, Hallock, Harmony, Houston, Howard Lake, Kenyon, Lamberton, Le Center, Little Fork, Long Lake, Lonsdale, Maple Plain, North Minneapolis, Nashwauk, Nisswa, Osakis, Osseo, Renville, St. Charles, portions of St. Paul, Spicer, Spring Grove and Waterville.

Pharmacy closures are not only devastating rural Minnesota patient access, the current unsustainable pharmacy business model is also creating pharmacy urban deserts in cities like Minneapolis and St. Paul, where there is no pharmacy within North Minneapolis and several neighborhoods throughout St. Paul. Many pharmacy owners say they will be forced to close in 2025 if something is not done about reimbursement.

Several states have recognized that pharmacy closures are a huge problem, bordering on a crisis, and that access to patient services at a pharmacy is critical to the overall healthcare of the population and individual communities. TN, KY, MI, NM, and OH have authorized and implemented "lifeline" or sustainability programs-- add-on reimbursement fees to certain pharmacies within the state to preserve Medicaid prescription access. The federal government has also recognized that patient access to pharmacy services is at stake and CMS has deemed each of these life-line state programs FMAP eligible for a federal match.

The Minnesota-directed pharmacy dispensing payment program for pharmacies in rural and medically underserved areas would seek to address the current unsustainable reimbursement to pharmacies by pharmacy benefit managers (PBM) contracted to administer the MN-MA outpatient drug program, which accounts for approximately 85% of all pharmacy enrollee coverage and their paid prescriptions through MA. This program is designed to be a direct dispensing reimbursement payment to certain rural, underserved and independently owned pharmacies in addition to the current dispensing fees reimbursed by managed care (PBM) organizations under MN-MA.

The program would have claim eligibility qualifiers and criteria (13 or fewer independently owned locations or HRSA designated underserved geographic areas & cannot be owned or affiliated with a PBM.) To enroll, pharmacies would have to attest that they qualify for the program. CMS has an expedited waiver process for these types of state programs. MPA has worked with DHS to design the direct provider payment program so that it is FMAP eligible.



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