



March 25, 2025

Dear Members of the Senate Health and Human Services 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 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. Because we have few means of measuring the cost implications of a move like this, we've traditionally relied upon fiscal notes for the proposals over the years to gauge cost implications. Fiscal notes have provided varying cost estimates for similar proposals over the years when applied to state public programs.

SF 1877

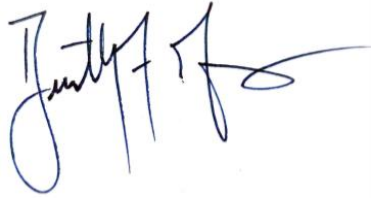
This bill requires a health plan's prescription drug rebates to be passed along to consumers at the point of sale, to reduce out of pocket costs. Here again, while the goal of this proposal has merit, the impact of such a change would lead to increased premiums for those covered by the health plan. In 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."

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,

380 St. Peter Street, Suite 1050, St. Paul, MN 55102
www.mnchamber.com

A handwritten signature in blue ink, appearing to read 'Bentley Graves', with a stylized flourish extending to the right.

Bentley Graves

Director, Health Care & Transportation Policy