

Patient Access To Minnesota Pharmacy Services In Peril

Minnesota pharmacy deserts & unsustainable pharmacy economics.

Situation

Minnesota residents are facing growing challenges in accessing critical health and medication services due to pharmacy closures. The current pharmacy economic model is unsustainable, leading to more “pharmacy deserts” across the state. Pharmacies are at a tipping point, with many at risk of closing in 2025 if legislative reform isn't enacted to address reimbursement and other payer issues.



Since 2013, 61% of independently owned and 39% of chain pharmacies have already closed. The primary driver of this instability is below-cost reimbursement from Pharmacy Benefit Managers (PBMs). Over the past decade, PBM reimbursement has dropped significantly, compounded by punitive fees, contract terms, and opaque market practices that make it difficult for pharmacies to remain open across Minnesota.

The current community pharmacy business model isn't working. Below cost reimbursement is the primary driver of pharmacy economic instability. The result is an increasing number of pharmacy deserts, leaving residents in both urban areas including Minneapolis and St. Paul, as well as rural communities, without access to local pharmacies. Many must drive long distances or rely on mail-order services.

Pharmacies are vital to community health, and the current payer model must change. The good news is that Minnesota has the power to help, by enhancing legislative reforms that keep pharmacies open in communities and providing patient access to pharmacist services. These reforms will also save taxpayers money in the long run.

Recent Relief

In 2024, Minnesota raised the Fee for Service (FFS) dispensing reimbursement for the state's Medical Assistance (MA) and MNSure populations, which cover approximately 1.2 million Minnesotans. However, FFS claims only represent about 14% of total MA medication claims. The remaining 86% of claims are managed by PBMs that work for Managed Care Organizations (MCOs), which reimburse pharmacies well below their costs.

For example, a 2021 Minnesota Cost of Dispensing Survey showed that the average cost to dispense a medication was \$11.55 — far higher than the reimbursement pharmacies receive from PBMs managing MA beneficiary claims. Many PBMs reimburse pharmacies at well below the actual cost of medication and the cost to dispense. This reimbursement gap is unsustainable and the number one contributing factor to pharmacy closures throughout Minnesota.

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The Path Forward

- HF1100/SF2152 : Directed Pharmacy Dispensing Payment Program
 - Eligible pharmacies would qualify for life-line FMAP match eligible directed reimbursement to maintain access to critical health services for MN residents.
- Medicaid Coverage for Health Services Provided by Pharmacists
 - Include MN Medicaid for coverage for pharmacist health services (point of care testing, prescribing and administering select medications, etc.) law that was passed last session for commercial insurers.
- Single PBM Model for Minnesota Medicaid
 - Prohibits use of spread pricing, claw-backs, below cost pharmacy reimbursement, formulary fees and reduces by 100+% the amount paid per claim to manage adjudication of claims, saving State millions of dollars.
- Revise & update MN-62W PBM Licensure & Regulation statute
 - Recent reports by the Federal Trade Commission, the US House Oversight & Health Subcommittees and local media have highlighted the impact of spread pricing, patient prescription steering, chronic under reimbursement and other PBM practices that are inflating drug costs and limiting access to vital health services. We encourage you to read the full reports and view the hearings (linked below).

We look forward to working with the Minnesota House and Senate Health and Commerce Committee members, Governor Walz and the agencies during the 2025 Legislative Session and budgeting process. We urge the Committee to hear and enact a short and long-term pharmacy legislative package to stem the tide of community pharmacy closures happening across Minnesota, reign in PBMs and save the taxpayers of Minnesota by reforming Medicaid-MA in Minnesota.

Resources & Reports

MBOP Statistics- 2013-2024

- 61% of all Minnesota independently owned pharmacies have disappeared/closed their doors since 2013
- 39% of all chain pharmacies in Minnesota have disappeared/closed their doors since 2013
- **44%** of all pharmacies in Minnesota have closed since 2013

July 3rd, 2024 – US House Committee on Oversight:

Hearing Wrap Up: Oversight Committee Exposes How PBMs Undermine Patient Health and Increase Drug Costs
[US House Committee on Oversight & Government Reform - PBMs](#)

Dec. 18th, 2025 - Healthcare insurance companies blamed for 'pharmacy deserts' in Minnesota
www.fox9.com/news/healthcare-insurance-companies-blamed-pharmacy-deserts-minnesota

July & November, 2025 - Federal Trade Commission reports - Pharmacy Benefit Managers:
The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies
https://www.ftc.gov/system/files/ftc_gov/pdf/pharmacy-benefit-managers-staff-report.pdf

Second Interim Staff Report on Prescription Drug Middlemen: Report finds PBMs charge significant markups for cancer, HIV, and other critical specialty generic drugs
https://www.ftc.gov/system/files/ftc_gov/pdf/PBM-6b-Second-Interim-Staff-Report.pdf

February 26th, 2025 - US Commerce & Energy, Subcommittee on Health hearing:
[Chairman Buddy Carter \(R-GA\) How Reining in PBMs Will Drive Competition and Lower Costs for Patients](#)



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