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March 29, 2023

Chair Tina Liebling
Health Finance and Policy Committee
477 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Chair Liebling and committee members:

On behalf of Minnesota Farmers Union (MFU), I write to share our organization's support for several provisions in the committee's budget omnibus bill (HF2930) that will increase access to affordable health insurance and help reign in healthcare costs.

MFU is a grassroots organization that has represented Minnesota's family farmers, ranchers and rural communities since 1918 and at our most recent annual convention our members voted to make access to affordable healthcare our top priority for this year.

As small business owners, family farmers disproportionately purchase health insurance on the private market and are hit hard by high premiums and lack of choice between health plans in rural areas. This cuts into their farm income and pushes too many farmers to consider giving up the farm, seek a second off-farm job with insurance, or go without health coverage all together—a decision that could prove financially devastating.

HF2930 will expand MinnesotaCare with a public option, which would provide important and needed relief to farmers and others who are too often priced out of coverage on the private market. Not only that, but I've heard from farmer members who hire employees and feel like they could better compete with other employers for qualified workers if there were better options for health coverage. A public option will help ensure that everyone has affordable, comprehensive health coverage when they need it.

This legislation also includes increased oversight of hospital mergers in Minnesota. A wide body of research has established that hospital mergers lead to higher prices, as does provider consolidation more generally, whether horizontal or vertical consolidation.ⁱ Rural Minnesota has been heavily impacted by this consolidation as it has one of the most highly concentrated hospital markets in the entire country.ⁱⁱ A 2019 study in Health Affairs found that highly concentrated hospital markets lead to higher health insurance costs on the individual market.ⁱⁱⁱ

Despite the issues healthcare concentration creates for Minnesotans, the erosion of antitrust law in recent decades and minimal protections under the state's nonprofit law have combined to make it exceedingly difficult to stop bad mergers. This legislation will help change that by establishing clear enforcement authority for the Attorney General, allowing the office to enjoin or unwind mergers and acquisitions that fail to protect the public interest.

This language will also address the unrealistically high standards for successfully challenging healthcare mergers under traditional antitrust law by spelling out a broad array of potential factors

that could be contrary to the public interest including limiting access to affordable and quality care, reducing delivery to underserved populations, increasing costs for patients or negatively impacting the market for skilled health care workers.

The language of this omnibus bill will also create a more thorough pre-merger notification process with clear timelines and a comprehensive list of information health systems would be required to turn over. This will ensure the Attorney General has the time and information necessary to complete a thorough investigation and analysis of the possible impacts a transaction would have on Minnesota's healthcare system.

MFU also appreciates that HF2930 includes provisions that will remove pharmacy benefit managers (PBM) from administration of prescription drug plans for MinnesotaCare and Medical Assistance. This will not only reduce costs for patients covered by those programs but will also ensure fair reimbursement rates for rural pharmacies that are being driven out of business by the anticompetitive actions of the highly consolidated PBM industry.

HF2930 would also establish a Healthcare Affordability Commission. This citizen and stakeholder-lead board will set healthcare spending growth targets informed by technical experts. This commission will help identify key drivers of spending and is an important new tool for policymakers as they seek to address the rising costs of our healthcare system. The bill also includes changes to the Prescription Drug Transparency Act that clarify existing law and enable the program to collect more complete data on drug price setting.

Thanks again to Chair Liebling, Majority Leader Long, and Representative Bierman who spearheaded introduction of these provisions. MFU urges this committee to support these measures. If you have any questions, please contact our Government Relations Director, Stu Lourey, at stu@mfu.org or (320) 232-2047 (C). Thank you for considering the needs and perspectives of Minnesota's farm families.

Sincerely,

A handwritten signature in black ink that reads "Gary Wertish". The signature is written in a cursive style with a large, looped "G" and "W".

Gary Wertish
President, Minnesota Farmers Union

ⁱ <https://www.kff.org/health-costs/issue-brief/what-we-know-about-provider-consolidation/>

ⁱⁱ <https://sourceonhealthcare.org/market-consolidation/>

ⁱⁱⁱ <https://www.healthaffairs.org/doi/10.1377/hlthaff.2018.05491>