May 9, 2021

To: Members of the Health & Human Services Conference Committee

RE: HF 2128/request to remove in-state pharmacy requirement or amend to allow central and specialty fills

We appreciate the work of the Minnesota Legislature in taking steps to both ensure Minnesotans have access to pharmacy care and that pharmacies in our state remain viable in an increasingly challenged industry.

First, thanks to both the House and Senate for including an increase in the dispensing fees under Medical Assistance (MA) programs, from $10.48/prescription to $10.77/prescription. This much-needed adjustment based on the Cost of Dispensing survey results will benefit MA patients by helping preserve their access to care.

Also, the telehealth provisions are a vital step in building on lessons learned during the pandemic and we appreciate pharmacists being able to practice remote medication therapy management in cases where that option is safe and effective for patients.

One provision of SF 2360, however, is concerning. The language from SF 999, which requires MA patients to have their prescriptions processed only at in-state pharmacies, is a well-intentioned concept, but will likely have unintended consequences that limits patient choice, stymies pharmacy innovation, unnecessarily impacts access to care, and drives up costs.

This language puts unnecessary restraints on Minnesota pharmacies as they innovate to cut costs for patients. An increasing number of pharmacies are developing “central fill” operations, which allows a prescription received at a Minnesota pharmacy to be filled at a centralized, automated location, and shipped to the pharmacy for the patient to either pick up at the store or have delivered to their home. In some cases this innovation increases the quality of care by freeing up pharmacists to provide a higher level of counseling and medication therapy management to patients.

The language in SF 2360 would appear to limit the use of out-of-state central fill locations, which are licensed and regulated by the Minnesota Board of Pharmacy, even when they are associated with a pharmacy with a physical presence in the state, but outside the 50-mile allowance in the language.

In addition, the increasing complexity of innovative prescription drugs in how they are stored, administered or distributed by the manufacturer has necessitated the development of specialty pharmacies that only dispense higher-cost, more complex specialty drugs. SF 2360 would cut off access to those drugs for Minnesota MA patients, unless the dispensing specialty pharmacy is located in Minnesota. It also would create a cost-increasing complexity that will affect managed care organizations (MCOs) and ultimately the patients they serve.

In fact, nonpartisan fiscal analysis also shows this provision will have a cost to the state of $1.56 million for the biennium.

We applaud the work of legislators in protecting Minnesota pharmacies, but believe this provision will have lasting negative consequences for patients, pharmacy innovation, and the overall cost of health care. We ask you to either make allowances for central fill and specialty pharmacies associated with in-state pharmacies or not adopt this provision for those reasons.

Sincerely,

Dan Wolter
Hy-Vee

G. Joel Baise
Walgreens

Lisa Nelson
Walmart

Sarah K. Derr, PharmD
Minnesota Pharmacists Association

Jamie Pfuhl
Minnesota Grocers Association

Bruce Nustad
Minnesota Retailers Association

Steven C. Anderson, FASAE, CAE, IOM
National Association of Chain Drug Stores