



1753 Cottonwood Circle • Saint Cloud, MN 56303 • www.machp.org

February 22, 2021

HF8 – Prescription Drug Purchasing Program

Dear Chair Stephenson and Committee Members:

The Minnesota Association of County Health Plans (MACHP), representing Minnesota's three County-Based Purchasing (CBP) plans, is **deeply concerned about HF8 which proposes a state takeover of pharmacy benefits and prescription drug purchasing**. We understand Tuesday's hearing will focus on Section 2 of the bill, Expansion of Prescription Drug Purchasing Program. We also know both sections of this bill are intertwined since it is unlikely the state would pursue Section 2 without first doing the PMAP pharmacy benefit carve-out proposed in Section 1, and so we offer comments pertaining to both.

For more than 40 years, and particularly since they were authorized by the Minnesota Legislature in 1997, Minnesota's CBP plans have played an important role in delivering outstanding health care to hundreds of thousands of Minnesota MHCP enrollees. There are currently 22 counties that are part of a CBP plan, and another 11 have joined PrimeWest Health to begin delivering care in 2023.

We appreciate Representative Liebling's efforts to seek effective solutions to overwhelming drug costs, and share her concern for sustainable strategies. However, **we have serious concerns this proposal will negatively impact coordination of care for Minnesota Health Care Program (MHCP) enrollees, and will not save money as hoped**. We believe the approaches proposed in HF8 require a good deal more study to accurately determine impacts to health care outcomes and overall costs.

Care Coordination and Outcomes: Taking-over the pharmacy benefit will limit care options and responsiveness, negatively impacting care outcomes for MHCP enrollees. Coordinating both the medical and pharmacy benefits for optimal and effective coordination and continuity of care improves health outcomes. Fragmented care drives poorer health outcomes and increases the total cost of care. States such as New York that have attempted a statewide carve-out have ended-up moving the benefit back to health plans after the intended results were not achieved.

Overall Cost Impacts: Projected savings from this proposal need careful analysis, including thorough review of the methodology used to determine them. The state would need to spend more on new IT capabilities and staffing, and it is important to understand those costs. The experiences of 13 other states suggest Minnesota should be cautious. Analysis by the Menges Group of a similar proposal in New York forecast a net increase in state pharmacy costs of \$1.5 billion over five years. In California, the Menges Group found these strategies would drive a net increase of state pharmacy costs of \$757 million over five years. Safety-net providers with which we partner are also concerned about financial impacts on their 340B programs.

We welcome questions and would appreciate an opportunity to discuss this bill with Representative Liebling. Thank you for your continued commitment to improving care for all Minnesotans.

Sincerely yours,

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Cc: Representative Tina Liebling
Representative Joe Schomacker
Senator Michelle Benson
Senator Melissa Wicklund
MACHP Board of Directors