

February 12, 2023

Rep. Zack Stephenson, Chair  
Commerce Finance & Policy Committee  
Minnesota House of Representatives

**Re: HF 294**

Dear Chair Stephenson and members of the Committee:

Thank you for the opportunity to comment on HF 294. I represent Prime Therapeutics (Prime), a pharmacy benefit manager (PBM) based in Minnesota and owned by 19 not-for-profit Blue Cross and Blue Shield insurers, including Blue Cross and Blue Shield of Minnesota (BCBSMN). Formulary management is one of the primary tools we use to manage drug costs and drive down the overall cost of health care. This bill plainly eliminates that tool and will thus increase the cost of prescription drugs and health care overall for Minnesotans. Therefore, we oppose HF 294.

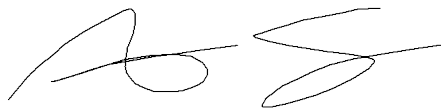
Prime helps people get the medicine they need to feel better and live well by managing pharmacy benefits for health plans, employers, and government programs including Medicare and Medicaid. We manage pharmacy claims for more than 33 million people nationally and offers clinical services for people with complex medical conditions. Our business model relies on transparency and advocating for simpler, lowest-net-cost pricing for drugs. To control costs, Prime's clients rely on our clinical expertise and drug management tools (*e.g.*, formulary management) to help patients and their physicians find the right drug therapy for their condition at the best possible price.

Formulary management is one of the primary tools Prime uses to help our health plan clients, such as BCBSMN, manage drug costs. We do this by assessing the drugs available on the market and negotiating with the manufacturers of competing, therapeutically-equivalent products. The result of those negotiations may be changes to the formulary, informed initially and primarily by the Pharmacy & Therapeutics (P&T) Committee. Our P&T Committee is clinically focused and comprised of clinicians of various backgrounds, thereby ensuring that any changes to the formulary are clinically appropriate. Members impacted by any mid-year change are given substantial notice of such change. Moreover, members have access to clear and efficient exceptions processes that allow them the opportunity to stay on specific medications when medically necessary. Formulary management helps keep health care costs down for Minnesotans, but never at the expense of them getting the medicine that they need to feel better and live well.

By restricting formulary management to once per year at plan renewal, HF 294 would severely restrict our ability to negotiate lower drug costs. Formulary management keeps competition in the marketplace. The bill sponsor's provisions intended to prevent manufacturers from taking advantage of this imbalance by prohibiting them from increasing prices after a certain date are well-intentioned, but unrealistic, guardrails. This same bill in past years has been met with a robust fiscal note and undoubtedly will be again this year. Without the ability to maintain some

level of competition throughout the plan year with entities that can and will change prices throughout that time, there will be no check against those prices for Minnesotans. Drug manufacturers, and they alone, set the prices of drugs. Should this bill pass, that reality remains, but without any remaining check on the impact of those prices to Minnesotans. In consideration of the windfall that this would be to pharmaceutical manufacturers and the impact this would have on health care costs for Minnesotans, we oppose HF 294. Thank you for your time and consideration and we look forward to further discussing this issue with you.

Respectfully,

A handwritten signature in black ink, appearing to read "A.S.", with a stylized flourish at the end.

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