



May 8, 2021

Chairs Benson and Liebling, and Members of the Omnibus HHS Policy and Finance Bill:

**RE: Prescription drug carve-out and the impact to the 340B drug program
Expanding telehealth**

We appreciate the opportunity to express our comments on these two issues of vital concern to rural counties:

As you are likely aware, the MN Hospital Association's recent annual report on the financial health of Minnesota hospitals and health systems showed extremely fragile financials even prior to the pandemic. Their 2019 data shows the median operating margin to be 1.4 percent, with 41 percent of Minnesota's hospitals and health systems having a negative operating margin. This was pre-pandemic. Since then, expenses have gone up while volumes have gone down.

Issue 1: MRC opposes the prescription drug carve-out and the impact to the 340B drug program

MRC opposes the House proposal to shift management of the outpatient prescription drug program for Medical Assistance enrollees from the Prepaid Medical Assistance program and county-based purchasing to DHS.

Currently 340B entities, which include all Critical Access Hospitals, hospitals with a high percentage of Medicaid patients, and children's hospitals, are purchasing drugs at the 340B discounted price. They are eligible to receive a higher reimbursement from insurers than just the actual costs for these drugs. Under the proposed shift to DHS, outpatient drugs would be paid only at an acquisition cost plus a small dispensing fee.

Savings under the 340B program and payment differential help hospitals and health systems provide services that they could not otherwise afford to provide to their patients and communities. This is how many rural hospitals help pay for their community programs and provide services for which they do not receive reimbursements, or reimbursements below costs.

County based purchasing is a proven model of local health care delivery and highly beneficial to the communities it serves. Shifting rebate revenue to DHS at the expense of savings for 340B entities that provide those valuable services unnecessarily diminishes the benefits CBP provides and erodes a program that, in a turbulent health care delivery world, has demonstrated decades of continuous, high-quality care and client satisfaction.

Issue 2) MRC Supports Expanding Telehealth / Opposes Sunsets

MRC appreciates and supports inclusion of telehealth language in each of the bills. There are many good provisions, including expansion of the list of mental health and substance use providers that can offer services via telehealth, allowing the home as an originating site, and allowing the telephone as a modality.

Apart from these positive provisions, each bill includes a sunset we urge the committee to eliminate. The House bill sunsets the new expansions of telehealth July 1, 2023. The Senate bill sunsets the telephone only services. MRC opposes these sunsets.

As negotiations continue, we hope you will take these recommendations into consideration and incorporate each into the conference committee report.

Sincerely,

A handwritten signature in black ink, appearing to read "Luke Johnson". The signature is fluid and cursive, with the first name "Luke" being more prominent than the last name "Johnson".

Luke Johnson, MRC Chairman
Pipestone County Commissioner

*Aitkin / Becker / Big Stone / Clay / Cottonwood / Douglas / Grant / Hubbard / Kittson / Koochiching
Lake of the Woods / Mahnommen / Marshall / Meeker / McLeod / Mille Lacs / Mower / Murray / Nobles / Norman / Pennington
Pine / Pipestone / Polk / Pope / Red Lake / Redwood / Roseau / Stevens / Todd / Traverse / Wadena / Wilkin / Watonwan /
Wright*