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May 3, 2021

State Government Finance Conferees,

This letter is submitted by the Inter Faculty Organization (IFO) in support of Senate File 2178/House File 2327, legislation that is currently included in both the House and Senate versions of the State Government Finance Omnibus bill. We represent approximately 4,000 faculty, coaches, and counselors at the seven Minnesota State universities. We respectfully encourage you to include the provision in the conference committee report, with the additional Joint Labor Management Committee (JLM) paragraph included with strong bipartisan support in the House.

Competition in the pharmaceutical market is the only thing that will drive down the increasing costs of the drugs the state's workforce requires to live healthy lives. Pharmacy benefit managers (PBMs) must be required to compete fairly and transparently in a reverse auction. A reverse auction provides State Employee Group Insurance Program (SEGIP) an important tool to develop a more competitive process to secure a PBM contract. The process included in the House and Senate State Government Omnibus Bills will significantly lower prescription drug costs, copays, and other out-of-pocket expenses for our membership and their dependents.

What's more, when this legislation is signed into law, the State will have full control over the contract terms, and bidding PBMs will need to agree to those terms to earn Minnesota's business. The provision will generate significant savings of taxpayer dollars and bring more transparency into the way those dollars are spent to purchase prescription medicines. Simply put, this is good policy that is common in the private sector marketplace, and it's time our state government takes advantage of its benefits.

Another important part of the success of this provision is the inclusion of an amendment adopted by the House that will allow two labor representatives of the Joint Labor Management Committee (JLM) to participate throughout the process of securing an optimal PBM contract through conduct of a reverse auction and assuring PBM compliance with its terms. The amendment gives state employees a seat at the table and a voice in securing the best possible benefits for everyone covered under SEGIP.

We are thankful for the leadership of Representative Michael Howard and Senator Michelle Benson. The PBM reverse auction has been successful in several other states, including New Jersey, where this change saved the state an estimated \$2.5 billion in the first five years. Similar bills have been passed or are actively advancing to enactment in several other states as well.

Thank you for your consideration and support of a reverse auction to secure a best-in-class PBM contract for SEGIP beneficiaries and our State.

Sincerely,

Brent Jeffers  
IFO President